

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:

Stream TV Networks, Inc., *et al.*¹

The Debtors.

Chapter 11

Bankr. Case No. 23-10763 (AMC)
(Jointly Administered)

**DESIGNATION OF RECORD ON APPEAL AND
STATEMENT OF ISSUES TO BE PRESENTED ON APPEAL**

Appellant, Visual Semiconductor ("VSI"), by and through his undersigned counsel, designates the following items to be included in the record on appeal, pursuant to the *Notice of Appeal and Statement of Election* dated December 4, 2024 [ECF No. 861], from the *Order (A) Approving Bidding Procedures and Form of Asset Purchase Agreement in Connection with the Sale of Substantially all of the Debtors' Assets, (B) Approving Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (C) Approving Procedures for Selection of Stalking Horse Bidder and Bid Protections, and (D) Granting Related Relief* [ECF No. 811] and sets forth his statement of issues to be presented on appeal:

I. Record on Appeal²

	ECF DKT. NO.	DOCKET DATE	DESCRIPTION
1.	750	09/30/24	(Expedited) Motion of William A. Homony in His Capacity As Chapter 11 Trustee For (I) an Order (A) Approving the Bidding Procedures And Form Of Asset Purchase Agreement for the Sale of Substantially All of the Debtors' Assets, (B) Establishing the Notice Procedures and Approving the Form and Manner of Notice Thereof and Scheduling a Sale By Auction, (C) Approving Procedures

¹ The Debtors, together with the last four digits of the Debtors' federal tax identification numbers, are Stream TV Networks, Inc. (4092) and Technovative Media, Inc. (5015). The location of the Debtors' service address is: 2009 Chestnut Street, 3rd Floor, Philadelphia, PA 19103.

² All items designated herein include all exhibits, filed with, attached to, or otherwise referenced in such pleadings.

			for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (D) Scheduling a Sale Hearing, (E) Granting Expedited Consideration Pursuant to Local Rule of Bankruptcy Procedure 5070-1(G), and (F) Granting Related Relief, and (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Related Thereto, and (C) Granting Related Relief
2.	752	10/01/24	Visual Semiconductor, Inc. Objection to the Expedited Consideration Of Motion of William A. Homony In His Capacity As Chapter 11 Trustee For (I) An Order (A) Approving Bidding Procedures And Form Of Asset Purchase Agreement for the Sale of Substantially all of The Debtor's Assets Including Approval Of The Provisions For Designation of a Stalking Horse, (B) Establishing the Notice Procedures and Approving the Form and Manner Of Notice Thereof and Scheduling and Auction, (C) Approving Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (D) Scheduling a Sale Hearing, (E) Granting Expedited Consideration Pursuant to Local Rule of Bankruptcy Procedure 5070-1(G); and (F) Granting Related Relief, and (II) an Order Approving (A) the Sale of the Debtor's Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Related Thereto and (C) Granting Related Relief
3.	754	10/02/24	Order on Motion for Approval of Bid Procedure
4.	788	11/06/24	Visual Semiconductor, Inc. Objection to Motion Of William A. Homony In His Capacity As Chapter 11 Trustee For (I) An Order (A) Approving Bidding Procedures And Form Of Asset Purchase Agreement For The Sale Of Substantially All Of The Debtor's Assets Including Approval Of The Provisions For Designation Of A Stalking Horse, (B) Establishing The Notice Procedures And Approving The Form And Manner Of Notice Thereof And Scheduling And Auction, (C) Approving Procedures For The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases, (D) Scheduling A Sale Hearing, (E) Granting Expedited Consideration Pursuant To Local Rule Of Bankruptcy Procedure 5070-1(G); And (F) Granting Related Relief, And (Ii) An Order Approving (A) The Sale

			Of The Debtor's Assets Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests, (B) Approving The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases Related Thereto And (C) Granting Related Relief
5.	789	11/06/24	Rembrandt 3d Holding Ltd.'s Objection to Motion Of William A. Homony In His Capacity As Chapter 11 Trustee For (I) An Order (A) Approving Bidding Procedures And Form Of Asset Purchase Agreement For The Sale Of Substantially All Of The Debtor's Assets Including Approval Of The Provisions For Designation Of A Stalking Horse, (B) Establishing The Notice Procedures And Approving The Form And Manner Of Notice Thereof And Scheduling And Auction, (C) Approving Procedures For The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases, (D) Scheduling A Sale Hearing, (E) Granting Expedited Consideration Pursuant To Local Rule Of Bankruptcy Procedure 5070-1(G); And (F) Granting Related Relief, And (Ii) An Order Approving (A) The Sale Of The Debtor's Assets Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests, (B) Approving The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases Related Thereto And (C) Granting Related Relief
6.	795	11/11/24	Praeipce To Substitute Exhibit "B" To Motion Of William A. Homony In His Capacity As Chapter 11 Trustee For (I) an Order (A) Approving the Bidding Procedures and Form of Asset Purchase Agreement for the Sale of Substantially All of the Debtors' Assets, (B) Establishing the Notice Procedures and Approving the Form and Manner of Notice Thereof and Scheduling A Sale By Auction, (C) Approving Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (D) Scheduling a Sale Hearing, (E) Granting Expedited Consideration Pursuant to Local Rule of Bankruptcy Procedure 5070-1(G), and (F) Granting Related Relief, and (II) an Order (A) Approving the Sale of The Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (B) Approving the Assumption and Assignment Of Certain Executory Contracts and Unexpired Leases Related Thereto, and (C) Granting Related Relief
7.	796	Transcript attached as Exh. A.	Transcript of Hearing re: Hearing held on November 7, 2024

8.	801	11/12/24	Hawk Investment Holdings Ltd.'s (1) Reply in Support of Motion Of William A. Homony In His Capacity As Chapter 11 Trustee For (I) An Order (A) Approving Bidding Procedures And Form Of Asset Purchase Agreement For The Sale Of Substantially All Of The Debtor's Assets Including Approval Of The Provisions For Designation Of A Stalking Horse, (B) Establishing The Notice Procedures And Approving The Form And Manner Of Notice Thereof And Scheduling And Auction, (C) Approving Procedures For The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases, (D) Scheduling A Sale Hearing, (E) Granting Expedited Consideration Pursuant To Local Rule Of Bankruptcy Procedure 5070-1(G); And (F) Granting Related Relief, And (Ii) An Order Approving (A) The Sale Of The Debtor's Assets Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests, (B) Approving The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases Related Thereto And (C) Granting Related Relief
9.	803	11/13/24	Praeipie to Substitute Exhibit "A" to Motion Of William A. Homony In His Capacity As Chapter 11 Trustee For (I) An Order (A) Approving Bidding Procedures And Form Of Asset Purchase Agreement For The Sale Of Substantially All Of The Debtor's Assets Including Approval Of The Provisions For Designation Of A Stalking Horse, (B) Establishing The Notice Procedures And Approving The Form And Manner Of Notice Thereof And Scheduling And Auction, (C) Approving Procedures For The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases, (D) Scheduling A Sale Hearing, (E) Granting Expedited Consideration Pursuant To Local Rule Of Bankruptcy Procedure 5070-1(G); And (F) Granting Related Relief, And (Ii) An Order Approving (A) The Sale Of The Debtor's Assets Free And Clear Of All Liens, Claims, Encumbrances, And Other Interests, (B) Approving The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases Related Thereto And (C) Granting Related Relief
10.	807	Transcript attached as Exh. B	Transcript of Hearing re: Hearing held on November 13, 2024

11.	810	11/19/24	Support Document Asset List of Stream and Technovative re 363 Sale
12.	811	11/20/24	Order (A) Approving Bidding Procedures and Form of Asset Purchase Agreement in Connection with the Sale of Substantially all of the Debtors' Assets, (B) Approving Procedures for the Assumption and Assignment of Executory Contracts and Unexpired Leases, (C) Approving Procedures for Selection of Stalking Horse Bidder and Bid Protections, and (D) Granting Related Relief

II. Statement of Issues on Appeal

1. Whether the Bankruptcy Court erred in approving the bidding procedures without first determining, in an adversary proceeding, whether the assets made available for sale by the Trustee constitute property of the estate.

2. Whether the Bankruptcy Court erred in approving the bidding procedures, without evidence or an evidentiary hearing, and finding the sale process and the Bidding Procedures were fair, reasonable, and appropriate under the circumstances and designed to maximize the value of the Assets, without evidence or an evidentiary hearing.

3. Whether the Bankruptcy Court erred in finding, without evidence or an evidentiary hearing, that (i) the Stalking Horse Bidder is a Qualified Bidder, (ii) the Stalking Horse Bid is a Qualified Bid for all purposes, and (iii) the Stalking Horse Bidder is not an insider or affiliate of the Debtors with no common identity of incorporators, directors, or controlling stakeholders between the Stalking Horse and the Debtors.

4. Whether the Bankruptcy Court erred in finding, without evidence or an evidentiary hearing, that the Bidding Procedures were negotiated in good faith and at arm's length and are reasonably designed to promote a competitive and robust bidding process to generate the greatest level of interest in the Assets.

5. Whether the Bankruptcy Court erred in finding, without evidence or an evidentiary hearing, that the Asset Purchase Agreement was negotiated in good faith and at arm's length between the parties and may serve as a reasonable and appropriate baseline for soliciting other bids for the Assets.

6. Whether the Bankruptcy Court erred in finding, without evidence or an evidentiary hearing, that the Stalking Horse Bid represents the highest and best offer the Trustee received to date with respect to the Assets.

7. Whether the Bankruptcy Court erred in finding that the Trustee shall have no personal liability for any obligations of the Debtors' estates without evidence or an evidentiary hearing.

8. Whether the Bankruptcy Court erred in finding, without evidence or an evidentiary hearing, that the Trustee's purported list of Debtor Assets for sale through the 363 sale process was accurate, complete, and satisfactorily disclosed any encumbrances or other limitations associated with the Assets.

9. Whether the Bankruptcy Court erred in requiring VSI and Rembrandt to annotate the Trustee's purported list of Debtor Assets for sale in order to satisfy the Trustee's disclosure obligations with respect to the Assets being made available for sale.

Dated: New York, New York
December 18, 2024

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EXHIBIT A

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF PENNSYLVANIA

IN RE:	:	Case No. 23-10763
	:	
STREAM TV NETWORKS, INC. CH: 11	:	ADV. No. 23-00057
AND TECHNOVATIVE MEDIA,	:	
INC.	:	Philadelphia, Pennsylvania
	:	November 7, 2024
Motion to Reconsider (related	:	11:14 a.m.
Documents Order on Motion to	:	
Approve Compromise under Rule	:	
9019) Filed by Visual	:	
Semiconductor, Inc. Represented	:	
by Donald N. David (Counsel)	:	
	:	
.	:	

BEFORE THE HONORABLE ASHELY M. CHAN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Trustee:	Michael D. Vagnoni, Esq. Obermayer Rebmann Maxwell & Hippel LLP Centre Square West 1500 Market Street, Suite 3400 Philadelphia, PA 19102 215-665-3066
	Steven M. Coren, Esq. Kaufman Coren & Ress, P.C. Two Commerce Square Suite 3900 2001 Market Street Philadelphia, PA 19103-2713
For Rembrandt:	Andrew Peter Demarco Devlin Law Firm, LLC 1526 Gilpin Avenue Wilmington, DE 19806 302-449-9010
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APPEARANCES (Continued):

For VSI:

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Proceedings recorded by electronic sound recording;
transcript produced by TheRecordXchange.

1 NOVEMBER 7, 2024 10:00 A.M.

2 THE COURT: Perfect timing, gentlemen. Morning,

3 Steve.

4 MR. COREN: Good morning. How are you, Judge?

5 THE COURT: I'm doing okay. Hanging in. Vagnoni?

6 MR. VAGNONI: Good morning, Your Honor.

7 THE COURT: Good morning. All right. Well Pam, it's

8 10:00.

9 THE CLERK: Okay. All right. Today's Thursday,

10 November 7th, the 10:00 list. The only matter on the list is

11 Stream TV Network's motion to reconsider the motion to approve

12 compromise filed by VSI. Appearances please.

13 MR. VAGNONI: Morning, Your Honor. Michael Vagnoni

14 and Ed George on behalf of William Homony, the Chapter 11

15 Trustee. Also with us today is Steve Coren, special counsel

16 for the Trustee.

17 MR. COREN: Right.

18 THE COURT: Okay.

19 MR. THOMPSON: Good morning, Your Honor. John

20 Thompson of Akerman LLP on behalf of VSI. Morning.

21 THE COURT: All right. Well maybe no one else wants

22 to make their appearance known.

23 MR. DEMARCO: Good morning, Your Honor. This is

24 Andrew DeMarco with Devlin Law Firm here for Rembrandt.

25 THE COURT: Okay. All right. Drive safely.

1 MR. DEMARCO: Oh, I'm parked, Your Honor.

2 THE COURT: Okay. All right. Okay. All right.

3 Well, if no one else wants to enter their appearance. I have
4 read all of the briefs, and I guess I just wanted to see if
5 there were any additional arguments that were different than
6 the arguments already set forth in the briefs. So if you do,
7 I'd like to hear them.

8 MR. THOMPSON: Your Honor, I would like to make a
9 presentation if I may, right? We've asked for a consideration
10 for some important and very fundamental reasons. In short, we
11 believe that the Court should reconsider the 9019 settlement
12 agreement because it is fatally flawed. There are a number of
13 points of new information that the Court was not privy to in
14 making its decision to enter the order approving the 9019
15 settlement agreement. And therefore, we think that it, again,
16 is flawed for a number of reasons.

17 The first is that the Trustee didn't complete his
18 assignment as issued to him through the Court's appointment
19 order. And as a result, the Hawk party's claims and the
20 conversion of their notes were never truly investigated or
21 vetted by the Trustee despite protestations to the contrary.

22 Accordingly, the allowance of the secured claim in
23 the amount of \$180 million, \$150 million of that being
24 permitted to a credit bid is patently unreasonable in our view.

25 As set forth in greater detail in our objection, the

1 Trustee's settlement to the sale motion, the Trustee's
2 settlement agreement sets up a framework for sale process
3 that's both unworkable from a legal and practical perspective
4 and unfair to all stakeholders, including potential competing
5 bidders and unsecured creditors because it establishes an
6 unlevel playing field that advantages the Hawk parties, the
7 stalking horse, to the detriment of all others.

8 Finally, the 9019 settlement agreement failed to
9 negotiate and provide a fiduciary out to permit the
10 consideration of any debtor deal that might arise after the
11 entry of disagreement with the Hawk parties. Specifically,
12 better deals that would ensure administrative solvency for the
13 estates, achieve meaningfully better recoveries for all
14 creditors, including unsecured creditors. And we've seen the
15 negative fallout from the failure to secure such a fiduciary
16 out time and time again in this case, even if the Court has
17 not. As Trustees similarly rejected reasonable and considerably
18 better offers after offers in favor of some blind lot loyalty
19 to Hawk's outcome and the 9019 settlement.

20 Those aren't just VSI offers to be clear, Your Honor.
21 Those are offers coming from multiple parties and interests in
22 the case. The bottom line is the Trustee is unwilling or
23 unable to take yes for an answer and achieve a better result
24 for the Debtor's estates and a better recovery for creditors of
25 those estates based upon the unreasonable and unwavering

1 allegiance to this 9019 settlement agreement.

2 That's never made any -- and that settlement
3 agreement has never made any sense, but it's definitely one
4 that does not make sense now in wake of the multiple offers and
5 compromise that would improve outcomes for all parties and do
6 so in a fair way.

7 Accordingly, we believe that the Court should grant
8 our motion to reconsider, vacate its prior order approving the
9 9019 settlement. Your Honor, I'll take your questions if you
10 have any.

11 THE CLERK: Judge, you're on mute.

12 THE COURT: I'm sorry about that. I don't have any
13 questions, but thank you, Mr. Thompson.

14 MR. THOMPSON: Thank you.

15 THE COURT: Mr. Vagnoni, Mr. Coren, you're welcome to
16 respond but you don't have it. It's totally up to you.

17 MR. VAGNONI: Your Honor, Michael Vagnoni on behalf
18 of the Trustee. I'll keep it simple. This is a situation
19 where the Trustee was given a mandate by the bankruptcy court.
20 I know counsel with VSI just indicated without any evidence
21 that the Trustee didn't fulfill his function. We disagree
22 wholeheartedly. We -- since the beginning of this case, I
23 think Your Honor is well aware that not only did the Court
24 appoint a Trustee, but the Court also granted relief from the
25 automatic stay to Hawk to go forward with the 225 action, which

1 they attempted to do.

2 He gave the Court -- the Trustee, a very short
3 timeframe. During which time the Trustee met with all of the
4 parties who were at play here, met with VSI, or the Debtor. We
5 couldn't really tell which. But with Mr. Rajan's group on
6 multiple occasions. Met with Hawk. Met with SeeCubic, Inc.
7 And met with Rembrandt. And the result of those meetings and
8 the shortened timeframe that we had to operate in and extensive
9 -- and this speaks a little bit to the conversion issue that
10 Mr. Thompson alluded to. Met with the Debtor's chancery court
11 attorney, Andy Dupre, at McCarty & English who now is at
12 Akerman.

13 And we're left with the very clear impression and
14 opinion that the 225 action was careless at best, and could
15 result in and would likely result in the estate having no
16 assets for unsecured creditors.

17 Because of that, Your Honor, the Trustee entered into
18 a settlement agreement with Hawk that would guarantee money
19 into the estate, and would get, our hope is, money to unsecured
20 creditors. The multiple offers that Mr. Thompson alluded to --
21 again, I'm not sure what offers he's talking about, but we have
22 spent time with VSI to vet the proposals that they would like
23 to make and have found them to be lacking in evidentiary
24 support. And the Trustee has chosen to move forward with the
25 Hawk settlement.

1 The Court evaluated that settlement at the 9019
2 hearing. Found that the Trustee met all the Martin factors,
3 and approved the settlement. We don't believe that VSI has
4 established grounds for this Court to reconsider to the extent
5 that 8008 would permit that. And we believe that the motion
6 should be denied in its entirety.

7 THE COURT: Okay. Thank you, Mr. Vagnoni.

8 MR. VAGNONI: Mr. George, I think that you're not on
9 mute, so when you're not on mute, we hear all of your email
10 rings, your phone calls.

11 THE COURT: Okay, good. All right. Thanks, Mr.
12 George. All right. Mr. Coren, did you want to add anything to
13 that?

14 MR. COREN: Yes. I would just briefly, Your Honor.
15 Because the notion that we didn't do our due diligence or
16 investigation is preposterous. I was hired to do just that.
17 And in fact, I participated in some of those meetings, reviewed
18 lots of the documents, interviewed the Debtor's counsel in the
19 225 action at length. Looked at the materials from that case.
20 And I rendered a judgment and an opinion and gave advice, which
21 I will only talk of at the highest level to the Trustee.

22 And I wholeheartedly, given that analysis and my
23 experience and my review, concluded that this settlement was in
24 the best interest of the estate. Wholeheartedly support that
25 there were serious risks as Mr. Vagnoni points out, which if

1 they didn't go well for the estate, would have resulted in the
2 estate having nothing. I viewed those risks as real, and we
3 did an analysis of them, and I cancelled the trustee
4 accordingly. And I did weigh in and participate in looking at
5 what are referred to as subsequent offers that -- in the
6 judgment of Mr. Thompson or his client he thinks are better to
7 the estate. And I counseled along with bankruptcy counsel, the
8 Trustee. And in my view to the extent that I looked at the
9 support for them, much of them was a illusory much like that,
10 which was present to Judge Coleman and she wholeheartedly
11 rejected it.

12 So I support the settlement. I counseled the Trustee
13 accordingly as bankruptcy counsel. And reject wholeheartedly
14 the notion that he did not perform his functions under the
15 bankruptcy code and the mandate. He did precisely that as did
16 his professionals. Thank you.

17 THE COURT: Thanks, Mr. Coren. Okay. Well, I'm
18 going to take the matter under advisement. I hope to have out
19 an opinion and order on this I hope in the next week or so. So
20 you'll see that soon, all right. Thank you all for your
21 presentation today and I'll talk to you guys soon.

22 MR. THOMPSON: Your Honor, before -- I think you
23 indicated at the last hearing last week that you would rule
24 with respect to the motion to quash.

25 THE COURT: Yeah.

1 MR. THOMPSON: With a specific request, with a
2 specific regard to the sale and the procedures order.

3 THE COURT: Yes. And so, that will be part of the
4 opinion and order, my ruling on the discovery.

5 MR. THOMPSON: Will be part of your consideration to
6 -- of the reconsideration motion?

7 THE COURT: So I'm going to rule on the motion for
8 reconsideration. And I'm also going to rule on the discovery
9 in connection with the reconsideration. But there is also
10 outstanding discovery regarding the bid procedures and things
11 like that. So I'm going to just rule on the discovery with
12 regard to the motion for reconsideration topic.

13 MR. THOMPSON: Okay. But the sale topic is different
14 from the reconsideration topic, Your Honor, with respect to
15 discovery.

16 THE COURT: Yes, absolutely.

17 MR. THOMPSON: Right.

18 THE COURT: So there's, you know, there were three
19 topics for discovery. One I've already ruled on, right?

20 MR. THOMPSON: Correct.

21 THE COURT: And now there's the discovery in
22 connection with today's hearing. And then there's also
23 discovery in connection with the bid procedure motion.

24 MR. THOMPSON: Yes, Your Honor. The bid procedure
25 motion, of course, is going forward on the 13th. And the

1 question is whether we will get an opportunity to have the
2 discovery, in particular the deposition discovery, that we
3 asked for and need in advance of that hearing. For the reasons
4 we set forth in our objection filed last night, it's pretty
5 critical. And I would hope that the Court would see the need
6 to have that discovery done in advance of the hearing as it's
7 only really helpful I would think to Your Honor before the
8 hearing.

9 (Telephone ringing)

10 THE COURT: Mr. Thompson, are you having technical
11 difficulties there?

12 MR. THOMPSON: I'm trying to decline the call, Your
13 Honor.

14 THE COURT: That's okay.

15 MR. VAGNONI: Your Honor, it remains the Trustee's
16 position that that discovery on a procedures motion is not
17 appropriate under the circumstances and is once again designed
18 to delay these proceedings, which the Trustee hopes to wrap up
19 as soon as possible.

20 MR. THOMPSON: Your Honor, I reject that contention
21 in the main, right? We're not doing anything to delay this
22 process. It's actually quite to the contrary. We've asked
23 that the Trustee for some time now respect to discovery on
24 these topics, all of which we think go to the Trustee's
25 inability to sell these assets as set forth in our sale

1 objection.

2 And we frankly think that the issues raised are of
3 pretty monumental importance to the case at large. And the
4 idea that nobody would be able to cross-examine this Trustee
5 about his judgment and his understanding of the assets that he
6 purports to want to sell through a 363 sale. It's just so
7 quite exceptional. I don't see that as merely a process issue,
8 and I would hope that the Court does not have.

9 MR. DEMARCO: Your Honor, if I may very briefly?

10 THE COURT: Yeah, Mr. DeMarco?

11 MR. DEMARCO: Yes. Hi. I just wanted to note that
12 we agree, that Rembrandt agrees and joins with the request for
13 that discovery as we filed in our objection and as Mr. Thompson
14 noted. And if Your Honor wishes to hear more about our
15 position, we are happy to discuss as well. But I wanted to
16 note that we join for the same reasons.

17 THE COURT: Okay. Thank you, Mr. DeMarco. I mean,
18 I'll be candid with both you and Mr. Thompson. I'm not
19 persuaded by your motion for reconsideration. And in all of my
20 years of practice, I have never once seen discovery requested
21 in connection with a motion for bid procedure. I've just never
22 seen it. Given the fact that this Trustee was appointed by
23 Judge Coleman and was clearly, in my opinion, the most
24 objective party here, they've got no skin in the game. They
25 just want to make the right calls. It's just a really high

1 burden for VSI and Rembrandt to overcome. While I appreciate
2 your zealous advocacy, you know, I am inclined to deny the
3 motion for reconsideration and deny the discovery in connection
4 with that and the bid procedure motion.

5 MR. THOMPSON: The bid procedure and sale motion,
6 right, Your Honor? I mean, so the sale -- there's no discovery
7 in connect with the sale.

8 THE COURT: At this point, I mean, you know, I'll put
9 together an order. But at this point, I just -- I've never
10 seen -- I've never even seen a request.

11 MR. THOMPSON: Your Honor, I would just direct your
12 attention to the cases that were cited in our objection, which
13 are manifold. And all of them involve --

14 THE COURT: I'm not saying it's never done. But Mr.
15 Thompson, you have to understand that you've come into this
16 case relatively recently, and the parties have been around.
17 And I've seen some of the actions that they've taken. Not on
18 your watch. And that has affected my view of your client.

19 And like I said, you know, all of those cases that
20 you may have cited, I think that their facts are probably quite
21 different than the facts that I have before me, which is that
22 I've got a Trustee, right? I mean, the appointment of a
23 Chapter 11 Trustee. It's a very extraordinary event. I've
24 only done it once in my career. And when you do it, you do it
25 because you absolutely have to do it. Because you're balancing

1 the interests of having a completely independent person, you
2 know, making these calls.

3 So given that extraordinary event, you know, I'm
4 going to give the Trustee a great deal of deference. I just
5 am, okay?

6 MR. MICHAELS: Your Honor, this is Chris Michaels for
7 Rembrandt.

8 THE COURT: Yes.

9 MR. MICHAELS: This -- I appreciate your comments
10 about this being an extraordinary case.

11 THE COURT: Yeah.

12 MR. MICHAELS: I have been involved from the very
13 beginning. Rembrandt has been litigating its intellectual
14 property disputes. Thought it had settled those. All parties
15 in this matter, Chadron Stastney, Matthew Rajan, all signed off
16 on a settlement agreement saying, yes. Our trade secrets have
17 been included in Ultra-D. Our patents cover the products are
18 being sold. And the Trustee is moving forward planning to sell
19 our technology, right? I mean, we -- our question is very
20 simple, right? Have you removed Rembrandt's technology from
21 the very assets that are trying to be sold? If the answer is
22 yes, let's figure that out. We've offered numerous times to do
23 that in an expedited and effectual way, to no avail. And we
24 have asked if they're not in there, what are you doing with
25 respect to assumption or rejection of our license, to no

1 definitive answer.

2 And we are now saying, we now see from the Trustee's
3 papers that SSG is offering assets for sale. That is patent
4 infringement under section 271. If, and only if, they are not
5 covered by the license we issued Stream. And this is -- this
6 should be basic question. Are you assuming our license? Are
7 they covered or are they committing patent infringement?
8 Absent any discovery, absent any assumption or rejection of our
9 license, we are left to go litigate a patent infringement case
10 against SSG because they're the ones that are actively
11 offering. All of the employees at SSG that are doing that are
12 likewise guilty of patent infringement.

13 And unless, of course, the Trustee has assumed
14 Rembrandt's license, then they're covered by the license.
15 These are basic questions that should be answers. And I don't
16 under -- I've never been involved in a case where a trustee or
17 debtor in possession didn't answer them. So I appreciate that
18 this is a very unique situation, but it's also simply resolved,
19 right? From our perspective, the Trustee could provide basic
20 information that would move this case forward and tell us
21 whether or not we need to file additional litigation or not.

22 But, you know, we're not new to raising these
23 concerns, right? I mean, there is a settlement agreement.
24 We've been -- we are part of the TRO mentioned directly. And
25 so, I think that our request for these basic things are things

1 that can certainly be resolved in a week or two. I mean, they
2 can decide. I mean, are you assuming it or are you rejecting
3 the license? That's a one sentence answer. You know, is that
4 -- so we think the request for discovery is reasonable in this
5 context, especially how many issues that it can resolve. I
6 can't image there's going to be any bidders, save the stalking
7 horse bidder, they're going to come in and walk themselves into
8 all these IP disputes.

9 And, you know, Rembrandts here. But, I mean, forget
10 Rembrandt. I mean, Phillips has 1,500 plus patents at issue,
11 most of which they've sold off to Leia that is actively trying
12 to license those out. I mean, companies don't walk into almost
13 certain patent infringement cases with companies like Phillips
14 to enforce, right? This is, this is absolutely guaranteed to
15 this ambiguity in what the assets are and whether or not they
16 need licenses or have licenses from Phillips and Rembrandt is a
17 virtual certainty that anybody is going to either not bid or
18 just walk away from this. This is designed for failure.

19 And quite frankly, we talked about the concern about
20 an action in chancery court to determine whether or not some
21 debt was owed. And that's a trivial expense for litigation.
22 Patent infringement costs the average for a case of this size
23 is somewhere between 7 and \$15 million dollars. Where is the
24 estate going to get the money to defend, right? I mean, it's
25 going to render this estate with almost absolute certainty

1 administratively insolvent as soon as Rembrandt acts. And
2 we're all on -- all of Rembrandt's attorneys by the way are on
3 contingency fee, and originally signed on for a patent
4 infringement action. So it's not like Rembrandt doesn't have
5 counsel that's going to enforce. But I don't see that the
6 estate has prepared itself for litigation in multiple
7 jurisdictions, right?

8 So I -- with respect, I think this is a unique
9 situation that has potentially unique issues that would warrant
10 this basic discovery.

11 THE COURT: Okay.

12 MR. VAGNONI: Your Honor, I'm not sure what role Mr.
13 Michaels or Mr. DeMarco play in VSI's motion for
14 reconsideration. They -- there were a number of misstates made
15 by Mr. Michaels just now that I can address. The -- you know,
16 the issue of the settlement agreement, I don't -- I don't think
17 I know which one he's talking about because the one I know Chad
18 Stasney did not sign and was not a party to.

19 The issue of all the patent infringement claims he
20 allegedly has would only be an issue if the Debtor had sold
21 TVs, which it clearly hasn't. There are no operations in the
22 Debtor. What the Debtor is selling is its assets, including
23 interests in foreign subsidiaries that have technology. And
24 there -- we don't know of any technology that Rembrandt has
25 sold or that Rembrandt has in that technology nor are we

1 selling that technology. We're selling the subsidiary.

2 That being said, there is little or no evidence, I
3 would say no evidence for the vast majority of what Mr.
4 Michaels just said. We're here on a 9019 hearing, and I don't
5 know what his comments lend to that.

6 MR. THOMPSON: Your Honor, I must respond to what Mr.
7 Vagnoni just said. In that, first of all, we're actually
8 talking about what this Court asked to be placed at the end of
9 this hearing. So I don't think it's about the 9019
10 reconsideration. But rather with the respect to discovery
11 related to the sale and bid procedures motion filed by this
12 Trustee.

13 THE COURT: I agree. Mr. Vagnoni, they're talking
14 about, you know, he -- Mr. Thompson had invited me to comment
15 on the discovery related to the procedures motion --

16 MR. VAGNONI: Understood.

17 THE COURT: -- that's coming up. So I think that
18 they're kind of highlighting issues and obstacles that they
19 believe that the Trustee faces in connection with that, and why
20 they think it's, you know, I should grant some discovery. So I
21 think that's really what the focus was of Mr. Michaels.

22 MR. THOMPSON: That's right, Your Honor. And I think
23 it's important to note based upon what Mr. Vagnoni just said.
24 We have no contentions about what the Trustee is selling or is
25 not selling. I wish the Trustee knew what he is selling. I

1 wish his advisors knew what they were selling. I don't believe
2 they do. And as set forth in our objection pretty clearly, and
3 as had been made clear on the record on June 5th, the Trustee
4 does not understand these assets. He does not understand the
5 implications, let alone the encumbrances upon some of these
6 assets, including the rights that Rembrandt has just raised.

7 And so, if they -- if the Trustee did, we would be
8 having a different discussion right now. But he doesn't, and
9 his advisors don't. And that's important.

10 MR. VAGNONI: Pretty clearly as to what the Trustee
11 is selling.

12 THE COURT: All right. Well, I mean, I think what
13 I'm hearing them say, Mr. Vagnoni, is that they don't think you
14 know what you're selling. But do you know what you're selling
15 as part of this motion?

16 MR. VAGNONI: As part of the --

17 THE COURT: The motion for the bid procedures.

18 MR. VAGNONI: Absolutely. The Trustee is selling all
19 of the assets of the Debtors, including their equitable rights
20 in the foreign subsidiaries that they -- that they have. That
21 is what they're selling.

22 MR. THOMPSON: Are they selling the right to license?

23 MR. VAGNONI: I'm not -- I don't think I'm on the
24 stand here. And I don't think that -- no. The Trustee is not
25 selling a license.

1 MR. THOMPSON: Okay. Well, that's what it says in
2 SSTs teaser.

3 MR. VAGNONI: I don't believe so. And again, we're
4 not here on that today.

5 MR. THOMPSON: Well, that's why we need discovery is
6 what I would argue, Your Honor. Because it says very clearly
7 in the SSG teaser that what the Trustee is purporting to sell
8 are the capabilities to license the so-called Ultra-D
9 technology, which incorporates other people's IP, including,
10 but not limited to Rembrandts. And that's why we think it
11 destroys value. And that's why we think the Trustee doesn't
12 understand what its selling. And that's why we think we need
13 discovery.

14 MR. MICHAELS: Your Honor, with respect to the teaser
15 that it was put out, it references the very Phillips license
16 that specifically prohibits a transfer under a change of
17 control provision, right? There's huge numbers of patents that
18 we have sent the Trustee as part of our discussions and we
19 filed it with our papers a list of assets that we needed to
20 understand the status of that had been licensed from Phillips.
21 A blue box software for example. I mean, there's a huge
22 laundry list of assets that were provided by Phillips that were
23 used to create and are used to implement the Ultra-D
24 technology. Are those included or not? Are those -- those are
25 -- if they're not included by the way, you can't be using

1 Rembrandt's technology because ours is reliant on that -- those
2 software and that no how and that technology.

3 So if we answered that question, right, that they
4 have put front and center in their marketing piece, we would
5 know whether or not Rembrandt's technology is included.
6 Because if it's not, if they're not using the Phillips
7 technology, they're not, we're not involved, right? We back
8 right off. They get rid of us. We are not making any motions.
9 So these are basic, basic, factual pieces of information that
10 are -- they have made front and center. I mean, we certainly
11 have been raising them for years. But they've said right in
12 their paper, in their marketing materials, that this is subject
13 to a Phillips license.

14 THE COURT: Mr. Michaels, thank you for that. So Mr.
15 Vagnoni, I guess what I'm hearing Mr. Thompson and Mr. Michaels
16 saying is they want to drill down into the weeds, understand
17 exactly what is being sold so that they understand what's
18 happening and if there's going to be future litigation. And
19 so, they seem confused about that. I think it's certainly fair
20 for them to understand exactly what is being sold. I myself
21 haven't got into the weeds about the schedules in terms of
22 exactly what's being sold. But I think that that's certainly
23 something that they need to know.

24 And I'm not going to put you on the spot here today,
25 but certainly I'd like them to understand exactly what's being

1 sold so that they can take whatever litigation positions that
2 are necessary and then they can make arguments to me. But it
3 sounds like they don't know that. And it sounds like you might
4 not want to be in the position to answer that, but I think it's
5 a fair request to understand what's being sold as part of this
6 sale.

7 So I'm going to rule on the motion for
8 reconsideration and the discovery related to that. I'm going
9 to urge Mr. Vagnoni to get back to Mr. Thompson and Mr.
10 Michaels about exactly what's, you know, what's being sold.
11 And then my hope is that when we meet again that Mr. Thompson
12 and Mr. Michaels will report to me that they know what's being
13 sold, and that they can raise whatever issues come up as a
14 results of that. And then the Court will address it then,
15 okay?

16 (Proceedings adjourned at 10:30 p.m.)
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C E R T I F I C A T E

I hereby certify that the foregoing is a true and correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

John Buckley

John Buckley, CET-623
Digital Court Proofreader

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF PENNSYLVANIA

IN RE: :
: Case No. 23-10763
:
STREAM TV NETWORKS, INC. CH: 11 :
AND TECHNOVATIVE MEDIA, :
INC. : Philadelphia, Pennsylvania
: November 13, 2024
: 11:00 a.m.
: :
: :

BEFORE THE HONORABLE ASHELY M. CHAN
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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For SSG Capital Advisors:	Samuel Charlton
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Proceedings recorded by electronic sound recording;
transcript produced by TheRecordXchange.

1 NOVEMBER 13, 2024 11:00 A.M.

2 THE COURT: Okay. Is there anyone else on the phone
3 who is here for a case other than Stream TV? Okay. Thank you.

4 Party who just joined the call, the last four digits
5 6443. Could you identify -- I'm sorry, 6643, could you
6 identify yourself, please?

7 MR. CHARLTON: Yes. Samuel Charlton with SSG Capital
8 Advisers.

9 THE CLERK: Yes, with the last four digits 4063. Can
10 I have your last name, please?

11 All rise.

12 THE COURT: Morning. Please be seated. Court is now
13 in session. All right. This is the call on the 11:00 list.
14 The only matter remaining on the list is number 23, Stream TV
15 Networks and we have several parties on the phone and in the
16 courtroom.

17 Do you want to start with the people in the
18 courtroom, first?

19 UNIDENTIFIED SPEAKER: Uh-huh. Yeah, let's start
20 with the people in the courtroom.

21 THE COURT: Okay. We're going to start with the
22 people in the courtroom and get everyone's appearances.

23 Appearances, please, on Stream TV.

24 UNIDENTIFIED SPEAKER: Come sit at the table.
25 Welcome.

1 MR. THOMPSON: Morning, Your Honor. John Thompson of
2 Akerman on behalf of VSI and with me today is my colleague Adam
3 Swick and retired Judge Nick Clark from the Western District of
4 Texas.

5 THE COURT: Welcome.

6 MR. CLARK: Morning, Your Honor.

7 THE COURT: It's good to see you.

8 MR. CLARK: Thank you.

9 MR. DEMARCO: Good morning, Your Honor. This is
10 Andrew DeMarco from Devlin Law Firm here representing
11 Rembrandt. Also here with me is Christopher Michaels from
12 Brown and Michaels who will be handling any argument today.

13 THE COURT: Welcome.

14 MR. CAPONI: Good morning, Your Honor. Steven Caponi
15 from K&L Gates on behalf of Hawk.

16 THE COURT: Okay.

17 MS. BRUMME: Good morning, Your Honor. Marley Ann
18 Brumme of Skadden Arps on behalf of SeeCubic.

19 THE COURT: Okay. Great. I thought you guys were
20 going on the phone. You're going to be outnumbered.

21 MR. CAPONI: Yeah.

22 THE COURT: No, you're here. Okay. All right.
23 We're just entering appearance, so come on up and say hello.

24 MR. VAGNONI: Good morning, Your Honor. Michael
25 Vagnoni on behalf of Bill Homony, Chapter 11 Trustee. I have

1 with me Ed George and Steve Coran from Coran and Ress.

2 THE COURT: Okay.

3 MR. CORAN: Morning.

4 THE COURT: Good morning. All right. How about the
5 people on the phone? Did you want to note your appearance if
6 there's anywhere there?

7 Do we have anyone?

8 UNIDENTIFIED SPEAKER: Yeah. Yeah.

9 THE COURT: We do? The parties on the line, if every
10 -- if you could each speak one at a time and tell us who you're
11 here for on Stream TV and enter your appearances, please.

12 MR. EDEL: This is Jonathan Edel from K&L Gates on
13 behalf of Hawk Investment Holdings.

14 THE COURT: Okay. Anyone else or you think that's
15 it?

16 UNIDENTIFIED SPEAKER: They might just be observing.

17 THE COURT: Okay. Fine.

18 All right. Well, welcome back, everybody. I know
19 we're here on the reconsideration, which I will -- I guess I
20 just wanted to address the discovery issue. So the last time
21 we were talking on the phone, you guys had raised an issue
22 about the assets that were being sold and you had concerns
23 about whether there were licenses and I think Mr. Vagnoni, I
24 was giving you a week to try to clarify for them what assets
25 were going to be sold.

1 So have you had any productive conversations
2 hopefully with them?

3 MR. VAGNONI: Your Honor, we took your direction from
4 the last hearing, and we provided both VSI, accounts for VSI
5 and accounts with Rembrandt. A fairly exhausted list of what
6 the assets are. Not just the assets that we are -- that the
7 Trustee is selling, but the assets that are embedded in the
8 downstream subsidiaries whose equity we are selling as well.

9 That, I think, would have satisfied the Court's
10 concern in that regard. I have a copy of what we sent. I
11 didn't bring multiple copies. It's very thick. But we did
12 provide that. We did also receive a email on Friday of last
13 week asking for a meet and confer to discuss what discovery
14 would be taking place.

15 We did not engage in that meet and confer. We didn't
16 take your comments last week as we thought everything was
17 quashed to that point based on your ruling. So we did not meet
18 and confer. We were preparing for the hearing. But we -- and
19 we did not engage in any discovery again, because we thought
20 the discovery request had been quashed by Your Honor.

21 But again, we did provide them with a listing --

22 THE COURT: Okay. Well, let me --

23 MR. VAGNONI: -- on the --

24 THE COURT: -- see if they feel like they have a
25 better understanding.

1 So do you gentlemen have a better understanding of
2 exactly what's being sold?

3 MR. MICHAELS: We have no better understanding. Most
4 simply, are they accepting -- assuming, rejecting saying that
5 the Rembrandt contract is invalid, valid? What is their
6 position? Where is our IP? Have they removed it?

7 They're disclosure, this voluminous thing they
8 described has a single sentence that says, "software," right?
9 There's no discussion of -- we have asked over and over again,
10 are you in control of the software professional development
11 system? I.E., do you have the username and password? No
12 response.

13 THE COURT: Uh-huh.

14 MR. MICHAELS: We have no idea what they have. More
15 so, we're the ones that have provided a far more extensive list
16 of what assets we believe could be in that estate and we've
17 told them what documents we're relying upon and asked them,
18 what is the status of each of these individuals assets? No
19 response.

20 THE COURT: Okay. So --

21 MR. MICHAELS: We are no more clear than we have --

22 THE COURT: -- I've been with you guys up until this
23 point. But now, you know, they've got some serious concerns.
24 You know, their belief is that the sale of the asset is going
25 to violate all of these rights. It's going to spawn all of

1 this litigation about the licenses, right? That's their
2 concern.

3 And I'm willing to consider a sale of this, but at
4 the very basic level, we need to understand exactly what is
5 being sold, right? And it sounds like today they don't know.

6 So he just said that you said it's software. Do you
7 have something more specific than just the word software in
8 terms of this being sold?

9 MR. VAGNONI: There was -- Your Honor, first of all,
10 let me just address a couple of things that Mr. Michaels said.
11 I think he indicated once again to the Court that he hasn't
12 been made aware of whether or not the sale will include an
13 assumption and assignment of the Rembrandt license.

14 Paragraph 27 of our motion clearly indicates that
15 that license is not part of the sale transaction. It is not
16 going to be acquired by the stock and horse purchaser.
17 However, if there is a competitive bid, a bid that is a
18 superior bid to the stock and horse bid that wants the
19 Rembrandt license, absolutely we would entertain an assumption.
20 There would have to be discussion about what --

21 THE COURT: Okay. So let's -- what we're going to do
22 today, just so I have an idea, we're just going to take this
23 issue by issue. So you're saying that the license is not part
24 of the sale --

25 MR. VAGNONI: That's correct.

1 THE COURT: -- but you would contemplate bids on it.
2 I'm not sure how you'd write that into the bid procedure, but
3 we can talk about that in a minute.

4 So what's your response to that?

5 MR. MICHAELS: It's not an assignable license. It's
6 not their option to decide to sell it or not. That's -- and
7 neither is the Phillips license. It is -- we have -- we did
8 not need Mr. Vagnoni to explain to us whether or not our
9 license was assignable. It is absolutely not and all the case
10 law is --

11 THE COURT: Okay. Well --

12 MR. MICHAELS: -- if I don't mind?

13 THE COURT: Yeah.

14 MR. MICHAELS: Our issue isn't that the contract is
15 -- that they're attempting to assign it. They are clear
16 they're not attempting to assign the contract. It's the
17 intellectual property that is the basis of that. I mean,
18 saying I'm not handing you a piece of the car, the car title
19 is, you know, that -- but I'm going to hand them the keys to
20 the Lamborghini. I mean, we're concerned about the keys and
21 the Lamborghini, not the piece of paper that says we own it.
22 We already have that. I don't need them to tell me we have
23 that.

24 THE COURT: Yeah. Yeah, yeah.

25 MR. THOMPSON: Your Honor, if I might add?

1 THE COURT: Yeah.

2 MR. THOMPSON: There's a real problem with the bid
3 procedures in addition to those that Mr. Michaels rose --
4 raised. In this circumstance, Mr. Vagnoni has just told the
5 Court as his email to us told us that they are, I guess,
6 excluding the asset that is the Rembrandt license. The reasons
7 you just heard. It doesn't matter whether they wanted to
8 assume it and assign it, they could not.

9 But in this circumstance, right, they're suggesting
10 that some other party out there might come in and bid for it.
11 Well, how do we have a bid process where --

12 THE COURT: Yeah, yeah. Okay.

13 MR. THOMPSON: -- some other parties actually
14 consider --

15 THE COURT: Well, tell me this. If he -- if we have
16 -- let's say we have the bid, we had the auction, right, and
17 Hawk's the only one that shows up and under their purchase
18 agreement, they're not going to get it. Then does that take
19 care of your issue entirely because --

20 MR. MICHAELS: Not in any way, Your Honor. I mean,
21 we have listed out a huge number of trade secrets. We have a
22 bunch of patents. The very assets that they have listed where
23 they've talked about TV's, prototypes, demos, those are all --
24 were all alleged back in 2017 to have been covered by
25 Rembrandt --

1 THE COURT: All right. So let me just, like -- I'm
2 sorry. Let me just be more specific. So I want to take it
3 issue by issue.

4 MR. MICHAELS: Uh-huh.

5 THE COURT: So at least I understand. So he had
6 thrown out this comment that he's not attending to sell certain
7 licenses unless someone else bids for it. So with regard to
8 those licenses, if there's no other bidder and the stocking
9 horse gets it, Hawk gets it, then with regard to that license,
10 then I think we're all in agreement that the license isn't
11 being sold at all, right?

12 So I think you wouldn't have an issue if there's no
13 stocking horse -- if it's just a stocking horse bidder and
14 there's no other bidders with regard to the license.

15 MR. MICHAELS: With respect, we would. The issue
16 with the license -- it's not a question of will they assume or
17 reject it in the future. It's SSG offering for sale
18 Rembrandt's patented technology. That's a violation of Section
19 271. That's present today patent infringement -- you -- they
20 do not have a license to the Rembrandt technology.

21 THE COURT: Hold on a second. Who is that person?

22 All right. So I would ask everyone on the phone line
23 to try to mute your phone because we're -- someone's not muted,
24 so we're hearing everything in the courtroom that's going on
25 there. So could everyone just take a moment? How do they mute

1 their line?

2 UNIDENTIFIED SPEAKER: Star six.

3 THE COURT: So if you could just hit star six,
4 everyone on the line, I'd appreciate that.

5 MR. VAGNONI: Your Honor, if I may -- raise that
6 issue for a very specific reason. SSG is not offering that
7 license for sale. That is not part of the AP --

8 THE COURT: So when we say license, let's just drill
9 down a little bit. License of what?

10 MR. VAGNONI: Absolutely. Very vague.

11 THE COURT: License of what?

12 MR. VAGNONI: There is a 2021 settlement agreement
13 that a single line in it that is a -- called a grant of rights.
14 In that grant of rights, Rembrandt reports to give the rights
15 -- the nonexclusive rights to use their intellectual property.

16 By the way, that settlement agreement was entered
17 into the day or the day before Rembrandt -- they became a
18 creditor by virtue of that and then were a petitioning creditor
19 in Stream's failed involuntary bankruptcy in Delaware. We take
20 significant issue with that agreement as a whole. But let's
21 just take it as it is. That license agreement comes out of a
22 settlement agreement. And like I said, the -- SSG is not
23 offering that for sale. However, in the -- which you'll hear
24 about when we get to testimony.

25 In negotiations with VSI and with Rembrandt, it's

1 been made clear to us that if a transaction was to occur with
2 VSI, that the Rembrandt license would have no problem being
3 assumed.

4 And in fact, there are -- there is a post-petition
5 agreement that was entered into by Rembrandt Stream and VSI
6 that was not court approved that purported to do just that.
7 Give VSI rights in that license. And exclude Streams
8 subsidiaries from the use of that technology pursuant to that
9 license.

10 So that is why I indicated to the Court that if there
11 was a transaction that was a higher and better bid, which VSI
12 and Rembrandt are free to bid in this process. They've been
13 free all along. They've had access to the data room if they
14 wanted it.

15 The VSI is the only person who's taken up that offer.
16 That is what I was referring to. Not that it was generally
17 assignable. We don't think anybody has interest in it and we
18 also don't think we are selling any assets that have that --
19 Rembrandt intellectual property in that -- in the asset.

20 MR. MICHAELS: Your Honor, I'd like -- I apologize.
21 I'd really like a chance to finish answering your question that
22 you had asked previously.

23 THE COURT: Yes, that's fine.

24 MR. MICHAELS: So the -- you asked whether the issue
25 would be resolved if the Hawk party's just didn't take -- it

1 isn't a question of SSG selling our license. It isn't an
2 active patent infringement. The active patent infringement is
3 offering for sale in a patented invention on why Rembrandt,
4 right?

5 And the TVs, all of the assets that Mr. Vagnoni
6 clearly lists are being offered for sale. That is the active
7 patent infringement. SSG has committed patent infringement.
8 All five of those individuals have committed patent
9 infringement. The Trustee has committed patent infringement
10 unless they can show that they have a license.

11 So when Rembrandt is asking about the status of its
12 license, it is, are we suing those individuals and those
13 entities tomorrow? They -- it is -- if they have a license, we
14 can't. That is a full and absolute complete defense.

15 The agreement that Mr. Vagnoni's referring to is
16 Streams former counsel, almost immediately after filing the
17 petition contacted Rembrandt and said, we know we need a
18 license to your technology as an administrative claim. We need
19 to resolve this. And we signed a settlement amendment that
20 extended the time that prevented the estate from becoming
21 administratively insolvent due to the fees that were going to
22 be due to Rembrandt.

23 They have said they're not honoring that settlement
24 amendment. The arrears are \$3 million. Does the estate have
25 \$3 million to have that license?

1 THE COURT: So I'm trying to -- I feel like there's
2 litigation that's going to be spawned, right, by -- under the
3 licenses and I'm just trying to have a very basic understanding
4 of what is purportedly being sold by the Debtor.

5 MR. THOMPSON: They don't know, Your Honor.

6 THE COURT: I --

7 MR. THOMPSON: And that's --

8 THE COURT: -- and I get that. And I -- so I'm -- I
9 think that we have, like first thing -- what happened? Okay.
10 Good. Thank you for muting everybody.

11 So the first step to me seems that we should at least
12 come to an agreement, or at least I need to understand what is
13 being sold. So can we just focus on that for instance.

14 All right. So I think one of the comments -- and so,
15 you said before, like, they had described software or something
16 that was, like, their general description. So did you, Mr.
17 Vagnoni, describe on some schedule that software is going to be
18 sold as part of this?

19 MR. VAGNONI: Your Honor, I will -- if I may, to
20 preface what -- the answer to that question. What the Trustee
21 is selling is all of the assets of Stream, which are clearly
22 listed in schedules, which are a public document they have
23 access to.

24 Mr. Rajan, who is the head of VSI, signed those
25 scheduled, I believe, and he certainly took part in preparing

1 them. So he should know exactly what is in those schedules.
2 The other assets that are being sold in the APA are the equity
3 interest and all the subsidiaries of Technovative.

4 The software, the intellectual property, the license
5 to Phillips, all of that is contained in downstream
6 subsidiaries. We are not selling those assets per say. We're
7 selling the equity in those assets.

8 And this is typical of a case where a Chapter 11 or
9 Chapter 7 Trustee walks into a mess and sees that it's
10 spiraling out of control and tries to bring some control to the
11 situation and get the estate some money before there is no
12 money.

13 THE COURT: Okay. So again, my focus for right now
14 is, I'm just trying to understand what the assets are. So he's
15 telling me that he's purporting to sell the equity and the
16 entities that presumably are in possession perhaps of your
17 property, is that your understanding there?

18 MR. MICHAELS: Mr. Vagnoni just described the process
19 as typical, right? An IP -- a technology case of this sort,
20 purporting to sell intellectual property rights is anything but
21 typical. And I think --

22 THE COURT: Okay. So let's just focus on -- I just
23 want to drill down on what assets are being sold. So he's told
24 me that he's selling equity in entities that presumably possess
25 your intellectual property. Can we agree on that?

1 MR. MICHAELS: Yes.

2 THE COURT: Okay. Good. All right. That's
3 progress.

4 MR. MICHAELS: That's one -- I mean, that's one
5 aspect of what he said.

6 THE COURT: Okay. Fine. That's one aspect. Okay.
7 So tell me -- so your concern, though, is that when he purports
8 to sell the equity in these companies, then the buyer who takes
9 possession of the -- like, they buy the equity, right? Now,
10 they're going to own, you know, via that equity, everything,
11 you know, tangible and intangible that those entities own. And
12 your -- and so your position is that some of the assets that
13 they own are your property?

14 MR. MICHAELS: Yes.

15 THE COURT: Okay.

16 MR. EDEL: Your Honor, if I may --

17 THE COURT: Yeah.

18 MR. EDEL: -- since I'm representing Hawk. The --
19 Mr. Vagnoni is correct. We're -- the stalking horse is
20 acquiring the equity. Stream is a holding company. All the
21 operating entities, the main operating entities in the
22 Netherlands and requiring the stock that owns the stock that
23 owns the stock that owns that entity. The fundamental dispute
24 here is that Rembrandt believes that its trade secrets, its
25 knowledge, its know-how is embedded in everything that Stream

1 does.

2 So every TV that it has, every computer that it
3 touches, somehow can -- you know, involves their intellectual
4 property. Now, there's intellectual property such as patents.
5 Rembrandt brought patent litigation many years ago, but it was
6 dismissed, and they have not asserted a patent case.

7 They're really talking about the intellectual
8 property. We disagree. We believe that the technology that
9 Stream developed through its operating subsidiaries overseas is
10 -- belongs to Stream. If my client acquires the stock, it's
11 acquiring that entity, the good, the bad, and the ugly.

12 And if that means that entity, if Rembrandt believes
13 that entity has put intellectual property into a TV or trade
14 secrets, we'll duke it out after the fact. But what this is
15 all about, this is Rembrandt and attached to the hip of Mr.
16 Rajan trying to stop at every opportunity this case moving
17 forward.

18 THE COURT: Okay. I know.

19 MR. EDEL: Rembrandt --

20 THE COURT: You believe there's spoilers and I --

21 MR. EDEL: Well, Your Honor, I think it's -- it's not
22 just, I think. As Mr. Vagnoni indicated, they entered into a
23 settlement. They're standing before Your Honor before today
24 trying to hold up this sale. Rembrandt entered into an
25 agreement during the pendency of the bankruptcy and amended it

1 with Mr. Rajan where they identified all of their technology,
2 all of their knowhow, how they believed it was being used in
3 everything and said, if Mr. Rajan gets the company, all is good
4 in the world. No one else is allowed to have it.

5 And then come before the Court today and say, we have
6 no idea how he's using our stuff. Well, they had a pretty good
7 idea when they were executing documents, you know, in the
8 shadows during the pendency of a bankruptcy. But now they want
9 to come, Mr. Rajan, who founded the company, ran the company
10 until he was -- you know, the Court determined he was
11 uncredible and removed him. And throughout the entire pendency
12 of the second bankruptcy which dismisses fraudulent at the aide
13 of Rembrandt to today, they're attached at the hip.

14 This is, with all due respect to the Court, my client
15 has been through this process for many, many years. It's a
16 very simple sale. Nobody else, and I think this cannot be
17 lost, nobody else is interested in these assets. No one has
18 come forward to the pendency of the bankruptcy.

19 THE COURT: All right. But we aren't going to get
20 into this. But from what I understood, the data room is not
21 complete. I mean, there's --

22 MR. MICHAELS: That's right, Your Honor.

23 MR. EDEL: The --

24 MR. MICHAELS: That's by design.

25 MR. EDEL: -- data room is not complete because the

1 data room does not include the fraudulent documents Mr. Rajan
2 created during the bankruptcy, for example --

3 THE COURT: Okay. Well --

4 MR. EDEL: -- these purchase orders that don't exist.

5 THE COURT: I would like to just -- I would like to
6 be able to have civil conversations here today. And I
7 understand you guys don't like each other. I know that. So to
8 the extent that we could -- I understand. Like, I call it
9 spoilers. You think that they're spoilers. You guys think
10 that they're selling your assets, and everyone is really
11 annoyed with each other. I get the sentiment. I understand
12 that.

13 Okay. But it doesn't help me get to the point. So
14 let me tell you what I think is one possibility here, right?
15 So Mr. Vagnoni wants to sell the equity in these companies, if
16 there's -- if we get to the point of a sale and there's no
17 other bidders and Hawk picks up these assets, then under 363
18 when he gets all this stuff, to the extent that you think that
19 he's misusing it, then you're going to sue Hawk, right? Aren't
20 you going to sue Hawk?

21 MR. MICHAELS: We already have. They're in --

22 THE COURT: Yeah. Yeah.

23 MR. MICHAELS: -- we're in litigation in Delaware.
24 But I think what I'm trying to be clear here is that Mr.
25 Vagnoni has -- they're talking about a bunch of equity, and

1 he's also put on their asset list that they are selling devices
2 that are accused of being -- infringing over on Rembrandt's
3 patterns and Stream, under the guidance of DLA Piper, took a
4 license.

5 Stream again renewed that -- negotiated again are
6 Armstrong T -- they advised them to do that. Lewis Brisbois,
7 same thing. We have numerous law firms evaluating these claims
8 and saying this was a good idea. We have Mr. Homony testify.
9 He's done no investigation as to whether this is a good idea or
10 not. And they ignored the issue.

11 They have not -- if the Rembrandt is not valid, we're
12 hearing, you know, testimony that may or may not -- this
13 Rembrandt license may or may not be valid. It was, you know,
14 executed in 2021 right before a bankruptcy.

15 So if it's not valid, that means all the activity
16 that the estate to date are infringing a patent. I just want
17 to be clear that that's the argument, is that this estate goes
18 almost instantaneously administratively insolvent. And we are
19 looking for and we will ask the Courts -- the District Courts
20 to enjoin any transfer of our intellectual property.

21 Now we have licensed Stream. We have -- we are
22 arguing that the license is valid but cannot be transferred.
23 You may not transfer our intellectual property. You take a
24 ring, and you put it in a box and say, well, I'm just selling
25 this box, whatever may be in it.

1 You know, we've evaluated what's inside the box.
2 What's inside of SeeCubic B.V. is Rembrandt technology. We've
3 gone through that multiple law firms representing Stream. And
4 we have determined that a license was necessary. And SSG does
5 not get covered by ignorance. There's no, I didn't know, Your
6 Honor. It defends patent infringement.

7 They are actively offering for sale assets that
8 include that were directly laid out in the complaints back in
9 2017. And while Mr. Caponi said it was dismissed, it was a
10 jurisdictional. Every patent case under *TC Heartland*, the
11 Supreme Court case was dismissed and had to be brought in the
12 home state of the corporation.

13 And we immediately entered mediation, and they
14 insisted the DLA Piper's counsel and Streams officers, most
15 notably, Shadron Stastney, insisted that the patents be
16 included in the license agreement.

17 So this idea that they weren't important to Stream is
18 not supported by the facts in any way, shape, or form. And we
19 are asking for clarity, is the Trustee operating and is SSG
20 operating under the license? I.E. they therefore can't be sued
21 for trying to sell a TV covered by one of our patterns.

22 THE COURT: Okay. It sounds like they want to sell
23 equity and entities who have hard assets that contain your
24 intellectual property. So the owner of the equity will
25 presumably then own these hard assets that have your

1 intellectual property embedded in them. That's what I
2 understand?

3 MR. EDEL: That's Your Honor, that's if it indeed a
4 -- a bidder is capable of determining what they're buying or
5 what the assets underneath that equity.

6 UNIDENTIFIED SPEAKER: Your Honor?

7 MR. EDEL: We have a whole list -- excuse me. We
8 have a whole list of items that purport to the assets of the
9 Debtors. I'm telling you today that that is an incomplete list
10 that was filed on this docket reported to this set of assets
11 that are being sold, that's substantially all of the assets of
12 the Debtors and we can show that.

13 More than that, the data room is breath of lots of
14 information. And the process -- and I know Your Honor wants to
15 focus on the assets, I will focus on the assets, but as Mr.
16 Caponi tried to raise the broader issues. The broader issue
17 here is that this trustee has agreed to transfer this set of
18 assets to one party and one party only and that is the Hawk
19 parties, right?

20 And they've done pursuant to 9019 settlement
21 agreement that purports just to be a settlement agreement, but
22 it's a sub rosa plan, because there's no other entity out
23 there, whether they be a strategic buyer or another competitor
24 of a Stream TV that would be interested in these assets under
25 these conditions based upon these encumbrances. And it's not

1 just --

2 THE COURT: Okay. So gentlemen --

3 MR. EDEL: -- not --

4 THE COURT: -- let's just take a moment here. So in
5 terms of the bid procedures, I have concerns I think that you
6 guys raised. Some legitimate concerns, which we'll get to,
7 right?

8 So I see, like, several different areas that need to
9 be addressed over time. The first is, you need to know what is
10 being sold. They're selling the equities that contain the
11 equity of entities that own the tangible property that has your
12 intellectual property. So now you know. They're -- that's
13 what they're trying to sell.

14 So the first step is, I'd just like to get some
15 clarity and make sure that we're all on the same page as to
16 exactly what's being sold. Then we'll go through the bid
17 procedures and all of the many objections, some of which I
18 thought were meritorious. But some of the issues that you're
19 raising are really important issues.

20 But to me, they appear closer to sale issues, right?
21 It's going to be a huge issue when you object to the sale,
22 right? I'm going to -- it looks like I'm going to need some
23 briefs on all of the very important issues that you have to
24 raise. But those are issues that, you know, that I think are
25 more appropriately dealt with then, right?

1 So in terms of, you want discovery. So the discovery
2 that you want, I think it's important for you to get discovery
3 if it's necessary on what assets are being sold. But we have
4 that -- we now have that nailed down.

5 So let's focus first on what exactly is being sold.
6 So you're selling the equity that has hard assets, that has
7 their intellectual property embedded in it. So let's --

8 MR. VAGNONI: Allegedly, Your Honor. There's been
9 no --

10 THE COURT: Oh, okay.

11 MR. VAGNONI: -- there's been --

12 THE COURT: That's fine. I understand you're not
13 conceding anything. But I just want, for clarity sake, to
14 understand what it -- you know, what's being sold.

15 MR. MICHAELS: Your Honor, their agent, SSG, as
16 investment banker, sent out a teaser that purported to sell the
17 capability of making licenses of the Ultra-D technology.
18 Rembrandt's technology or IP is in it and so is Phillips.

19 THE COURT: Okay. So what we're -- so that's not --
20 what I'm talking about, like, a hard asset. Now you're talking
21 about some technology, is that --

22 MR. MICHAELS: In some cases, it is a hard asset.
23 There are -- this lens technology they patented.

24 MR. SWICK: Your Honor, Adam Swick, Akerman on behalf
25 of Visual Semi, VSI. The issue is they have a stalking horse

1 bidder that has been at odds with the former debtor --

2 THE COURT: Clearly. Yeah.

3 MR. SWICK: Yeah, yeah. And so, they took control of
4 the Debtors' assets, they broke into the Debtors' offices,
5 stole TVs, they stole intellectual property. They've been
6 using them. They've been showing. There's emails and letters
7 and we'd love to get discovery from the Trustees, because we
8 believe the Trustee knows all of this.

9 And so, they have TVs in different locations. They
10 have different hard assets. All this is purporting to be sold
11 by the Trustee who hasn't gotten it back, because that's the
12 stalking horse and they need the stalking horse to be able to
13 go out and raise money to fulfil their obligations. And as of
14 the filings last night, the stalking horse doesn't have the
15 money to pay for the 363 as it is right now.

16 So yeah, what we need is discovery on where are all
17 these TVs? They're all over the world. They're in the
18 different offices of SeeCubic and the Hawk parties. I mean,
19 Mr. Caponi up here, he represents the Hawk party's and Robert
20 Morten (phonetic), who's subject to a cold shoulder, which is
21 the worst crime of moral turpitude in the U.K. It's supposed
22 to end your career and that's who these guys have hitched their
23 wagon to. So we just need discovery to find the assets so we
24 -- if they want us to participate in a 363 sales process, how
25 are we going to do that if we don't know where the TVs are?

1 Who's --

2 THE COURT: Okay.

3 MR. SWICK: -- using them?

4 THE COURT: So again, let's just focus back on what I
5 care about. What I care about is, I want to know what they're
6 purportedly selling.

7 MR. SWICK: They don't know.

8 THE COURT: Okay. And I know you say that. But why
9 don't we just go through all of the concerns you have about the
10 identity of the assets?

11 Yes?

12 UNIDENTIFIED SPEAKER: Your Honor, going -- sort of
13 taking a broad step back, how we ended up here. My client has
14 a security interest. Again, Stream's the holding company. Has
15 no assets, other than stock and subsidiaries.

16 My client's security interest was primarily in the
17 stock and subsidiaries, not in the assets of the subsidiaries.
18 The 225 action, which we settled through the 9019, we were a
19 day away from taking control of that stock.

20 This settlement and this sale is effectively the same
21 thing. It's selling the stock. The companies that -- whatever
22 assets are in those companies that my client shows up and there
23 was TVs -- before my client and everybody else shows up,
24 there's TVs there, they own them. If they're not, they don't.

25 It's the stock. They want to drill down into -- and

1 if we get into this level, what TV is sitting in Copenhagen and
2 what software is on that TV, we're going to be here for six
3 years. One, we're never going to know because it's in
4 Copenhagen. But, we're going to be here for six years. This
5 is a sale of stock, the security interest was in the stock.
6 And absent the settlement, my client would have already had
7 it's one day hearing in a court of chancery and owned the
8 stock, this would all be muted. This is a path of least
9 resistance to an estate that never had any money and doesn't
10 have any money. This deal is --

11 THE COURT: Okay. I understand that you're buying the
12 stock. But in order for any potential bidder to understand
13 what they're buying, right, they know that they're getting the
14 stock. But presumably, they'd like to get a better idea of
15 what the hard assets or the intangibles are of the entities
16 whose stock you're purchasing, right?

17 So I think it's reasonable that there should at least
18 be some general description of -- you know, it doesn't have to
19 be, like, I don't need, like, a audit, right, of every single
20 TV or every single hard asset.

21 But isn't there some kind of --

22 UNIDENTIFIED SPEAKER: Your Honor --

23 THE COURT: -- schedule that we could put together
24 that would say, you know, all the -- I mean, I don't know. Are
25 you just purporting to say that all of the equipment and all of

1 the -- you know, every personal property owned by these
2 entities. But do we have, like, a vague description of, like --

3 UNIDENTIFIED SPEAKER: Well, there's --

4 THE COURT: -- you know, approximately this many TVs
5 or approximately this many --

6 MR. VAGNONI: Yes, Your Honor.

7 THE COURT: -- other things.

8 MR. VAGNONI: The --

9 THE COURT: Okay.

10 MR. VAGNONI: -- answer is yes. We have a list that
11 we're happy to share with you.

12 The -- one thing I want to point out to Your Honor is
13 the process that we -- that was started over a month ago that
14 was teasers were sent out to over 500 different entities, both
15 strategic and financial, by SSG. Mr. Victor is going to
16 testify about that for you as part of the sale procedure.

17 We got exactly zero interest from those teasers.
18 Nobody asked the question of who -- what is in there. The only
19 parties that expressed an interest were VSI and not Rembrandt
20 and a purported investor in VSI.

21 And we have worked with VSI, who by the way Your
22 Honor, I think you're getting the picture that they are in the
23 unique position to know exactly what those assets are that are
24 being sold. Exactly what they are.

25 VSI has expressed no interest in bidding on these.

1 They wanted to go down a sale process, which we will describe
2 to you why that is not a possibility. But not even speaking to
3 Mr. Michaels comments about the lawsuits and the estate being
4 administratively insolvent.

5 The purchaser is assuming all liability. Not just
6 from Rembrandt under an IP claim, but they're assuming any
7 liability from any alleged IP infringement. And they're fully
8 indemnifying the bankruptcy estates, the Trustee, and the
9 Trustees professionals.

10 MR. MICHAELS: Exactly, Your Honor.

11 MR. VAGNONI: We think that we are insulated -- and
12 that was based on what we think are hollow threats, but that
13 doesn't mean there won't be a lawsuit and that the Defense
14 won't impair the unsecured creditor's ability to get a
15 distribution. That's what we're trying to protect here.
16 That's what we're trying to specify.

17 THE COURT: Okay. So Mr. Vagnoni, let me tell you
18 what I'm interested in. You know, in a 363 sale, you know,
19 you're -- my concern is, I just want to make this a transparent
20 process so that any potential bidder could understand what is
21 being sold, right?

22 So it sounds like you -- you know, you have this
23 teaser. I haven't seen what the teaser says, but this list of
24 all of the -- you were saying that there was a schedule that
25 the owner of VSI -- what was his name again?

1 MR. VAGNONI: Mr. Rajan.

2 THE COURT: Mr. Rajan? Okay. So Mr. Rajan, at some
3 point, put together some kind of a schedule of what each of
4 these entities owned.

5 MR. VAGNONI: Schedule A. Oh, I'm sorry. Yes, the
6 Schedules A and B to the -- the official schedules of the
7 Debtors.

8 THE COURT: Okay.

9 MR. MICHAELS: Excuse me, Your Honor. I have to --
10 correct. Is that your -- is this the Trustees schedule or are
11 you suggesting --

12 THE COURT: I think --

13 MR. MICHAELS: -- that this is Mr. Rajans schedule.

14 THE COURT: No, I thought you were saying Stream's
15 schedule?

16 MR. VAGNONI: The Debtors.

17 THE COURT: Yeah.

18 MR. MICHAELS: Okay. So it wasn't Mr. Rajan's
19 schedule, just -- correct?

20 THE COURT: Yeah. No, no, no.

21 MR. MICHAELS: Correct.

22 THE COURT: I'm trying to understand. So when Stream
23 filed for bankruptcy, they had a file scheduled in the
24 statement of financial affairs and as part of that you have to
25 schedule Schedule A, which is the real property and Schedule B,

1 which is the personal property.

2 So when he put those schedules together, did he --
3 and he was putting together the personal property owned by the
4 entities whose equity you're selling in the sale, Mr. Vagnoni?

5 MR. VAGNONI: That's correct. And Your Honor, there
6 is zero intellectual property in that Schedule B.

7 THE COURT: Okay. But -- so I think that one issue
8 that I'm identifying is that the personal property that was
9 scheduled in Schedule B of Stream contained hard pieces of
10 equipment or something that they are now claiming has their
11 intellectual property embedded in.

12 I'm just trying to understand everyone's position.
13 You're saying that in Schedule B is a list of a bunch of hard
14 assets, right? And they're saying that in those pieces of hard
15 assets are some of their IP embedded in it?

16 MR. VAGNONI: Stream -- Your Honor, Steam is a
17 holding company.

18 THE COURT: Yes.

19 MR. VAGNONI: They're --

20 THE COURT: No, I understand.

21 MR. VAGNONI: I --

22 THE COURT: I understand they're a holding company,
23 but they put together Schedule B and Schedule B included hard
24 assets owned by their subsidiaries and affiliates, correct?

25 MR. VAGNONI: No, Your Honor.

1 THE COURT: Okay.

2 MR. VAGNONI: It was a list of assets that, again, we
3 -- the Trustee had no part in drafting.

4 THE COURT: Right, because this is before your time.

5 MR. VAGNONI: It was well before our time. And we --

6 THE COURT: So what -- let's describe. What's on
7 Schedule B?

8 MR. VAGNONI: It is a various list of equipment. On
9 Schedule B there is some office furniture. There's nothing
10 that we see that could contain Rembrandt's --

11 THE COURT: Well, I don't -- okay. At this point --

12 MR. VAGNONI: -- intellectual property.

13 THE COURT: -- let's -- okay. We're not going to be
14 able to resolve today whether -- you're not going to come to an
15 agreement with them as to whether or not their technology is
16 embedded in it. I just need --

17 MR. VAGNONI: Right.

18 THE COURT: -- to understand the argument, just so I
19 can try and move the case forward, okay?

20 MR. VAGNONI: Absolutely.

21 THE COURT: So what is on Schedule B? So it's the
22 furniture --

23 MR. VAGNONI: I don't have it with me and I can't
24 speak to what exactly is on it.

25 THE COURT: So does anyone have Schedule B of the --

1 MR. MICHAELS: Your Honor, I would just note that
2 there is an extensive list, over 800 pages long, attached to
3 Mr. Rajan's declaration in support of the filing --

4 THE COURT: Okay.

5 MR. MICHAELS: -- right? So --

6 MR. VAGNONI: That's not what we're talking about.

7 MR. MICHAELS: I'm sure it's not. I would just to
8 Your Honor that that's --

9 THE COURT: Okay.

10 MR. MICHAELS: -- on the record.

11 THE COURT: Okay. So -- but you're saying Schedule
12 B. So we're talking about the sale of equity of these
13 entities. Let's just call these entities, you know, the
14 subsidiaries, or I guess we just call them the entities.

15 So the entity stock is purported -- that's what
16 you're trying to sell. But these entities own certain hard
17 assets, correct? Aside from office equipment --

18 MR. VAGNONI: Correct.

19 THE COURT: -- and furniture, right?

20 MR. VAGNONI: Correct.

21 THE COURT: There's some -- there's other things.
22 TVs, right?

23 MR. VAGNONI: Potentially. We -- and Your Honor,
24 again, we --

25 THE COURT: When you say potentially, see that just -

1 - I just want to understand, you know, what is being sold.

2 MR. VAGNONI: There -- when I say potentially, there
3 are prototypes that are created by the Debtors downstream --

4 THE COURT: Entities.

5 MR. VAGNONI: -- subsidiaries.

6 THE COURT: Let's just focus on the entities. What
7 do the entities own? That's what I really want to focus on.

8 MR. VAGNONI: And again, I can give you the list we
9 sent them. The entities own intellectual property, they own
10 equipment that allows them to make prototypes of -- they're not
11 TVs. They are screens --

12 THE COURT: Uh-huh.

13 MR. VAGNONI: -- that show the technology to
14 potential investors or purchasers.

15 THE COURT: Yeah.

16 MR. VAGNONI: They own licenses, the Phillips
17 license. And really that's about it. The downstream entities
18 are meant to house intellectual property, they're meant to
19 house licenses, and they're meant to do research and
20 development.

21 THE COURT: Okay. So hold on one second.

22 MR. VAGNONI: And the Trustees can testify to that.

23 THE COURT: So I presume, though, that your client,
24 Mr. Rajan, that he was the owner of Stream, right? He knew
25 what all of these subsidiaries owned. Didn't he know that?

1 UNIDENTIFIED SPEAKER: Yes, and he knows what was
2 taken by the stalking horse bidder and never returned after --

3 THE COURT: Okay.

4 UNIDENTIFIED SPEAKER: -- contempt of court --

5 THE COURT: Yes.

6 UNIDENTIFIED SPEAKER: -- in various litigations.

7 THE COURT: Okay. So --

8 UNIDENTIFIED SPEAKER: And there's bonding --

9 THE COURT: Again --

10 UNIDENTIFIED SPEAKER: -- machines that are tens of
11 millions of dollars.

12 THE COURT: -- this is what I care about. I just
13 want to identify the assets that are being sold. So doesn't it
14 seem that Mr. Rajan knows exactly what assets are owned by the
15 entities?

16 MR. MICHAELS: I would say, Your Honor, he does have
17 an understanding in -- probably in fairly good detail, and
18 that's the point that he has been making to the Trustee at
19 nauseum.

20 THE COURT: Okay. So -- but --

21 MR. MICHAELS: Right.

22 THE COURT: -- so you --

23 MR. MICHAELS: Your Honor, I just -- if I may, just
24 to complete the thought. It's that they don't understand that
25 there are other encumbrances including Rembrandt's license,

1 including the Phillips license on that property. And I would
2 say importantly that there is material amounts of assets that
3 have been in violation of the TRO, absconded with by Mr.
4 Stastney --

5 THE COURT: So if you --

6 MR. MICHAELS: -- and that has --

7 THE COURT: -- you think that -- that's a complete
8 separate issue.

9 MR. MICHAELS: Well, it's not, Your Honor --

10 THE COURT: That you think that.

11 MR. MICHAELS: -- because that intellectual property
12 that is in those prototypes, samples that are taken to market
13 to try to get investors and customers to buy or purchase the
14 ultimately asset that is Stream TVs product, those things have
15 the intellectual property not only of Stream TV, but also
16 Rembrandt and also Phillips embedded in it.

17 There's -- I mean, it was no accident that Mr.
18 Stastney on behalf of SeeCubic, Inc. and the Hawk party's
19 absconded with monitors that this trustee actually witnessed
20 with Mr. Stastney giving him a demonstration.

21 THE COURT: Okay. So who --

22 MR. MICHAELS: That happened.

23 THE COURT: So you're saying that Hawk has monitors
24 and Stream has monitors of the entities?

25 MR. MICHAELS: I'm saying that the Hawk parties,

1 specifically Mr. Stastney, SeeCubic, Inc. definitely had took
2 both monitors that are samples. They were displayed to be able
3 to sell the product. It obviously has embedded technology in
4 it. He took servers. He took computers. All of that would
5 have had his code in it, including Rembrandt's code.

6 THE COURT: Okay. So -- but are you saying that
7 that's not part of the sale or it is part of the sale?

8 MR. MICHAELS: I'm just suggesting to you that those
9 particular assets are not on the list. It was just filed by
10 the Trustee in support of the asset listing.

11 THE COURT: All right. All right. So hold on one
12 second.

13 UNIDENTIFIED SPEAKER: Your Honor?

14 THE COURT: No, hold on. Hold on one second.

15 You guys can all have a seat. We're going to be here
16 for a little bit.

17 So he's saying that some of the assets are not in the
18 possession of Stream. That they're in the possession of Hawk.
19 What's your response to that Mr. Vagnoni?

20 MR. VAGNONI: Your Honor, there -- it's clear to the
21 Trustee that there are assets that are not in his possession.

22 THE COURT: And are they in the possession of Hawk?

23 MR. VAGNONI: We are not aware of that, Your Honor.
24 We -- what we are --

25 THE COURT: So -- okay. Let me just ask you one

1 question. Do you think that there are assets owned by Stream
2 that are not in Streams possession?

3 MR. VAGNONI: Yes, there is -- there's a bonding
4 machine in China --

5 THE COURT: Okay.

6 MR. VAGNONI: -- that the Trustee has neither the
7 money or nor the wherewithal to get. We've gotten various
8 reports -- that was the subject of mediation which --

9 THE COURT: So does Hawk own any -- does Hawk -- is
10 Hawk in possession of any assets by Stream?

11 MR. VAGNONI: Not that I'm aware of, Your Honor.
12 SCBV, SeeCubic B.V. has prototypes. There is -- Mr. Stastney
13 is the director of SCBV. There is -- we have no indication
14 that Hawk is in possession of anything. If they are, that --
15 we've heard of tail of it, but we've never been given any
16 evidence that they have -- that Hawk has anything that is --

17 THE COURT: Why do you guys think that Hawk has the
18 Stream properties?

19 UNIDENTIFIED SPEAKER: Well, Hawk and its
20 subsidiaries broke into Streams offices and took them.

21 THE COURT: Okay. So let's stop right there.

22 UNIDENTIFIED SPEAKER: Yeah.

23 THE COURT: Okay. So let's go the Hawk person.

24 So they're accusing you guys of having broken into
25 Streams building and stolen things. So what's your response to

1 that?

2 MR. CAPONI: My response, Your Honor, it's part of
3 the same delusion arguments we've been dealing with for six
4 years. The -- as a result of the original settlement
5 agreement, the -- give you a brief history. Mr. Rajan borrowed
6 a bunch of money, never repaid it, the secured lenders reached
7 an accommodation with all the other directors and shareholders
8 to restructure, that led to an omnibus settlement agreement.

9 Following the omnibus settlement agreement, Mr.
10 Stastney took control and operated the entities for quite a
11 period of time before that was reversed. And when that was
12 reversed by the Delaware Supreme Court, they went back to the
13 Court of Chancery, and they were orders entered that required
14 everything to be turned back over.

15 Vice Chancellor Laster supervised that turning back
16 over and Mr. Rajan took back control of the company. Ever
17 since then, like a child afraid of the dark, they're constantly
18 saying there's this here, there's this under that bed, but
19 there's no evidence, no Judge, no ruling, no nothing. I can't
20 disprove the negative.

21 My client lent money; my client is not here. My
22 client here is a collateral agent for SeeCubic, Inc., which
23 owns the debt and we're just exercising our debt rights. They
24 want to --

25 THE COURT: Okay.

1 MR. CAPONI: -- full stop --

2 THE COURT: It's helpful --

3 MR. CAPONI: -- we have nothing.

4 THE COURT: -- for me if I just get answers to my
5 questions. So I just want you on the record, do you believe
6 that Hawk is in possession of any property owned by Stream?

7 MR. CAPONI: Hawk? No.

8 THE COURT: Okay.

9 MR. MICHAELS: Excuse me, Your Honor. I'm sorry.

10 THE COURT: Yes.

11 MR. MICHAELS: We each refer to the Hawk party's that
12 includes SeeCubic, Inc. Delaware and Mr. Stastney in his
13 individual capacity.

14 THE COURT: Okay. So with that --

15 MR. MICHAELS: We have evidence of that.

16 THE COURT: -- those --

17 MR. MICHAELS: Now, Mister -- I'm sorry.

18 THE COURT: Okay. So do any of those entities, do
19 you know? And if you don't know, that's fine.

20 MR. CAPONI: Well, I am not -- what I -- no, I am not
21 aware of them in possession of anything. I am --

22 THE COURT: That's owned by Stream?

23 MR. CAPONI: -- Jon may be able to address this, but
24 when Skadden was representing SeeCubic, Inc. in the Court of
25 Chancery, Schedules were put together, everything was turned

1 back over, it was done in detail. My client was not involved
2 in that. What I can say, Your Honor, and this gets to, again,
3 the whole -- of today.

4 There is this concept on the part of the other side
5 that once SeeCubic, Inc. took over through the omnibus
6 agreement, every piece of paper, every pen, every everything is
7 in -- somehow contains something that belongs to them. So if
8 there's a laptop, there's a TV. If there was a pitcher for
9 water that was in a conference room, they're claiming it's got
10 Rembrandt's technology. We don't agree with any of that.

11 We think we own the pitcher. We can -- we've gone
12 around and around in multiple courts with them about who owns
13 this, who owns that. As we stand here today, they don't have
14 any shred of evidence. They don't have a court order. They
15 don't have a document. They don't have a bill of sale. They
16 don't have a photograph. They don't have anything to
17 substantiate what they're saying.

18 My client has nothing that belongs to Rembrandt. My
19 client has nothing that belongs to this debtor. It is my
20 understanding as I stand here today and neither does Mr.
21 Stastney or does SeeCubic, Inc. We're never going to reach
22 agreement of this.

23 You could have discovery until the cow comes home,
24 they're going to say, well, no, no, we think it's in there
25 somewhere. Now, if it's not in the trunk, slash the tires and

1 see if he, like, you know, hid it in the tires.

2 THE COURT: So I understand your position, okay? But
3 I don't want to keep going around and around with the
4 arguments, okay?

5 MR. CAPONI: The answer is no, we don't have it.

6 THE COURT: That's great. That's all I need to hear.

7 MR. CAPONI: Absolutely.

8 MR. MICHAELS: Your Honor, I think it's important
9 that Mr. Caponi just told you that his client does not have it,
10 but he also told you that the Delaware Court supervised the
11 return of assets that was under court order to return after the
12 Delaware Supreme Court's decision.

13 He's not telling you that his client doesn't have it
14 and he doesn't know about anybody else. I will tell you that
15 we have evidence that Mr. Stastney and SeeCubic, Inc. of
16 Delaware did take assets, does possess assets now. Has used
17 those assets.

18 THE COURT: Well, okay. So just describe for me what
19 the basis of that evidence is.

20 MR. MICHAELS: The basis of that evidence is, I'll
21 start with just the Trustee. The Trustee saw those assets
22 during a meeting that he had with Mr. Stastney, in which --

23 THE COURT: When you say trustee, you're saying?

24 MR. MICHAELS: I'm saying Mr. Homony.

25 THE COURT: Okay.

1 MR. MICHAELS: Right?

2 THE COURT: Hello?

3 MR. MICHAELS: Who admitted to our client that it was
4 -- that he had actually observed it. That's one.

5 THE COURT: He had observed what?

6 MR. MICHAELS: He had observed a monitor built by
7 Stream TV in --

8 THE COURT: Uh-huh.

9 MR. MICHAELS: - the possession of Shad Stastney
10 during the pendency of this bankruptcy.

11 THE COURT: Okay. So --

12 MR. CAPONI: Your Honor, if I --

13 THE COURT: Yeah.

14 MR. CAPONI: -- this goes to when SeeCubic, Inc.
15 verses SeeCubic, B.V. SeeCubic, Inc. after everything was
16 turned around, continued to develop its own technology in this
17 space. That's -- they believe that everything in SeeCubic,
18 that's it's been developing, again, incorporates Streams
19 technology, which therefore incorporates Rembrandt's
20 technology.

21 So are there TVs? Yes. Are there laptops? Yes. Do
22 they belong to them? No. Have they -- and I would just put it
23 to the Court this way, if they believe this information or
24 these assets were retained, why did they not go to the Court of
25 Chancery, get an order to establish that?

1 Why during the year plus that I've been coming to
2 this court and the bankruptcy have they not, when Mr. Rajan
3 controls everything, get relief from the Court?

4 THE COURT: Okay. So let's everyone just return to
5 my focus, which is what is being sold?

6 Did you want to say something, ma'am?

7 MS. BRUMME: Yes, briefly, Your Honor.

8 THE COURT: Who do you represent?

9 MS. BRUMME: Marley Ann Brumme from Skadden on behalf
10 of SeeCubic, Inc., the Delaware entity. And contrary to what
11 our friends over here have to say, the supervision process of
12 the return of the assets from SeeCubic, Inc. back to Stream was
13 supervised by Vice Chancellor Laster and we've been hearing for
14 a year at least that SeeCubic, Inc. has not returned things.

15 That Mr. Stastney has things and until this bit of
16 evidence that he's presented here today about the Trustee
17 apparently seeing a demo unit, we've never seen any evidence to
18 substantiate that SeeCubic, Inc., the US entity and Mr.
19 Stastney, retained any assets.

20 What I think is getting lost here is that Stream TV,
21 as I think Your Honor understands, is a holding company. The
22 demo units were developed and built by SeeCubic B.V. in the
23 Netherlands, which is five entities down in the corporate
24 structure. Any demo unit that has been produced and especially
25 one that Mr. Homony has seen would be from SeeCubic B.V., which

1 is not a debtor here.

2 Further, Mr. Stastney, which they love to impugn
3 here.

4 THE COURT: The entity that you just said, though,
5 are they trying to sell the equity in that entity? The one
6 that's not the Debtor?

7 MS. BRUMME: It's five levels down. So Stream --

8 THE COURT: But they are trying? That is being sold
9 as part of the --

10 MS. BRUMME: The equity would be sold in the first
11 level subsidiaries.

12 THE COURT: And so they would own that equity?

13 MS. BRUMME: And then it would waterfall down.

14 THE COURT: Okay.

15 MS. BRUMME: Mr. Stastney notably is the director of
16 SeeCubic B.V. the Netherlands entity that develops all the
17 tech, and Mr. Stastney was installed as director by a
18 Netherlands Court when moving Mr. Rajan.

19 So any sort of implication that Mr. Stastney and
20 SeeCubic, Inc. are unlawfully retaining anything, there's no
21 evidence of that, one. And two, they can't conflate SeeCubic,
22 Inc. and what's going on at SeeCubic B.V.

23 THE COURT: Okay. Thank you. Okay. Let's stop one
24 second.

25 So I think what would be helpful for me is if we

1 could focus on all the potential bidders that are out there
2 that are not in this courtroom. And my job is to make sure
3 that they understand exactly what is being sold. So just
4 describing the equity, obviously, is not sufficient, because,
5 you know, the -- each of the entities whose equity is being
6 sold has some kind of personal property and that, I think, is
7 the schedule that I'd like to focus on.

8 So what is -- so is there, like, a schedule as part
9 of your, you know, proposed asset purchase agreement that
10 lists, you know, what is owned by the entities whose stock is
11 being sold?

12 MR. VAGNONI: We -- Your Honor, we do not have the
13 schedule together yet. But we do have the list of assets that
14 were turned over to --

15 THE COURT: Okay.

16 MR. VAGNONI: -- VSI.

17 THE COURT: So let's be clear. I don't want to set
18 up any procedures until we're clear on exactly what assets are
19 being sold, so that other potential bidders can have some idea.

20 So this is what I would envision if I was a potential
21 bidder. I see that the stock is being sold. I'd want to see
22 some general description of the assets that are owned by those
23 entities, so I know what it is that I'm buying. Now, obviously
24 you can't give me, like, pictures, so that's what we engage in
25 the due diligence process, right? A potential bidder --

1 MR. VAGNONI: Correct. And --

2 THE COURT: -- would see, like, a schedule that says,
3 you know, ten TVs and -- or whatever TVs.

4 MR. VAGNONI: Correct, Your Honor.

5 THE COURT: And then if their interest has peaked,
6 they would do their due diligence. And if they wanted to, they
7 could go out and go look at all this stuff or go look in the
8 room or do whatever.

9 MR. VAGNONI: So Your Honor --

10 THE COURT: Yeah.

11 MR. VAGNONI: -- that -- I -- you're correct in what
12 you're saying. And the process that was setup by SSG was that
13 a teaser would go out to drum up interest in potential bidders.

14 THE COURT: So what does the teaser say, just so I
15 understand? Do you have it?

16 MR. VAGNONI: Yeah, I absolutely do.

17 THE COURT: All right. Show me a teaser.

18 MR. VAGNONI: I have a book of art --

19 MR. MICHAELS: Your Honor, if I may? As you're
20 looking through the teaser, you will note that is specifically
21 mentions the Phillips license. Attached to that Phillips
22 license is a laundry list of software assets --

23 THE COURT: Uh-huh.

24 MR. MICHAELS: -- by title, function, what they do.

25 THE COURT: Uh-huh.

1 MR. MICHAELS: And we have asked since March whether
2 or not those are being included in the assets with zero
3 response.

4 You had said -- you had made an offhand comment
5 earlier about, well, you're not asking for an audit for
6 anything. However, the Phillips license requires an audit.
7 That that technology has been removed at termination of that
8 license, which would be caused by a change of control, I.E.,
9 sale of the entity.

10 THE COURT: That's a sale issue to me. You object to
11 the sale, because that's not permitted. As for the bid
12 procedure stage, I just need to identify what assets are being
13 sold.

14 MR. MICHAELS: My point to you, Your Honor, is there
15 is already a long list of software assets provided in the
16 Phillips license, along with a bunch of know-how and that -- a
17 simple question. Is this being included in the sale or not?
18 Is what we have asked. And I think is a touchstone for the
19 kind of list we are looking for here.

20 In addition, it seems that the retention of an expert
21 to walk through the Rembrandt list, we've provided a detailed
22 list of those trade secrets in the Delaware case and can --
23 that can ascertain whether or not those assets are or are not
24 included.

25 THE COURT: Okay.

1 Mr. Vagnoni, did you have the teaser?

2 MR. VAGNONI: I do, by a book.

3 THE COURT: Okay. How -- the teaser is the binder?

4 MR. VAGNONI: No, it's in the binder.

5 THE COURT: Oh, okay. All right. So go ahead.

6 Which -- what's the tab of this?

7 MR. VAGNONI: Tab four.

8 THE COURT: Okay. And you guys -- I'm presuming
9 you've seen the teaser?

10 MR. CAPONI: I have in front of me, Your Honor.

11 THE COURT: Oh, good.

12 MR. MICHAELS: We saw it. It's filed in the papers.

13 But we --

14 MR. VAGNONI: And Your Honor, if I may?

15 MR. MICHAELS: -- did not get it.

16 MR. VAGNONI: That teaser was -- as I'm sure you're
17 aware, the initial document that was sent out, again, to over
18 500 different entities, that then invited them to contact SSG
19 so they could go into --

20 THE COURT: Okay.

21 MR. VAGNONI: -- a more complete data room.

22 THE COURT: I see that this is a one-piece teaser,
23 right?

24 MR. VAGNONI: Correct.

25 THE COURT: But as part of any potential sale, we

1 need to have schedules of -- you know, schedules of, you know,
2 what's being sold. Like, what's owned by those entities,
3 something, a description. Like, TVs or, you know,
4 approximately --

5 MR. VAGNONI: So --

6 THE COURT: -- 100 TVs or something.

7 MR. VAGNONI: Correct. And the irony of that
8 comment, Your Honor, is that yes, there would be a schedule
9 available to any potential bidder --

10 THE COURT: Uh-huh.

11 MR. VAGNONI: -- who wanted to come in and do due
12 diligence. There has been zero bidders that have even
13 scratched the surface of learning about this technology. The
14 only entity that desired to look in the data room was VSI,
15 who's made is abundantly clear to the Trustee that they have no
16 interest in bidding on the purchase of these assets.

17 THE COURT: So is your position, Mr. Vagnoni, that
18 this teaser provides sufficient information to potential
19 bidders that would allow them to show interest in this?

20 MR. VAGNONI: Yes.

21 THE COURT: So this one page, if someone likes what
22 they see, then they'll proceed with you? And if they don't,
23 like, this is sufficient information to kind of vet whether --

24 MR. VAGNONI: So --

25 THE COURT: -- there's interest out there?

1 MR. VAGNONI: Correct. And the Trustee hired SSG as
2 his investment banker and SSG as we've seen them do in numerous
3 occasions, initiates contact by first identifying potential
4 parties. They identified 500 plus different entities that they
5 sent that out to. Again, both financial and people in the
6 industry. And they sent that teaser out to those entities.

7 THE COURT: Okay. Fine. And they didn't get a
8 response. Okay.

9 MR. VAGNONI: They got it with -- let me be clear.
10 They got one response from someone other than Rembrandt and
11 Rembrandt -- VSI and VSIs purported investor. That party
12 declined to sign an NDA once they spoke to SSG. And we'll --
13 Mr. Victor will describe why.

14 THE COURT: Okay. All right. Well, I'll --

15 MR. SWICK: Your Honor, I would --

16 THE COURT: -- this teaser.

17 MR. SWICK: Excuse me. I would just add that I think
18 Mr. Vagnoni -- I think Mr. Vagnoni has just given us an
19 admission against interest.

20 THE COURT: A what?

21 MR. SWICK: And a --

22 THE COURT: A what?

23 MR. SWICK: An admission against interest, right?
24 That this teaser yielded no bidders, other than the people who
25 already know about these assets. And why would there be no

1 bidders? Well, probably because they read things in a teaser
2 like this and they're sophisticated actors and they understand
3 the --

4 THE COURT: Okay. So --

5 MR. SWICK: -- effort to license things --

6 THE COURT: Okay.

7 MR. SWICK: -- that they cannot --

8 THE COURT: All right.

9 MR. SWICK: -- license.

10 THE COURT: I understand.

11 MR. SWICK: Is not appropriate.

12 THE COURT: Okay.

13 MR. SWICK: Okay.

14 THE COURT: Fine.

15 MR. VAGNONI: That --

16 THE COURT: All right. So --

17 MR. VAGNONI: -- is quite a leap, Your Honor.

18 THE COURT: Okay. So as part of the sale process,
19 though, will there be a more robust description then? Like
20 schedules of the assets owned by these entities? Something?
21 Some description?

22 MR. VAGNONI: Your Honor, and again, Mr. Victor is
23 prepared to testify today. But at this point after a month out
24 in the market and there having been no interest in --

25 THE COURT: Are you suggesting that because there's

1 no interest in the market that there's no need to prepare
2 schedules?

3 MR. VAGNONI: No, no, no. There are -- schedules are
4 being prepared.

5 THE COURT: Okay.

6 MR. VAGNONI: That will be attached to the APA to
7 make it clear what is being -- but I think they're going to be
8 more simplistic than what you are considering.

9 THE COURT: Okay. So what --

10 MR. VAGNONI: Any potential --

11 THE COURT: -- so just generally describe what it is.
12 It's going to be, like, equipment or software or --

13 MR. VAGNONI: Lists all of the assets of Stream and
14 the equity interest in Technovative subsidiaries. Now, Your
15 Honor, that doesn't mean that if someone who had interest in
16 getting due diligence on these assets --

17 THE COURT: Couldn't come in and --

18 MR. VAGNONI: -- wanted to get more information.

19 THE COURT: Yeah.

20 MR. VAGNONI: That SSG wouldn't give them whatever
21 they wanted. If they said, we want to know exactly what
22 SeeCubic, Inc. holds, they would have it. And a lot of that is
23 already in the data room. That's part of the process that SSG
24 runs.

25 THE COURT: Okay. I understand --

1 MR. VAGNONI: You don't send out a teaser that has --

2 THE COURT: Okay. I understand.

3 MR. VAGNONI: -- hundreds of pages.

4 THE COURT: Yes?

5 UNIDENTIFIED SPEAKER: Well, the data room, which was
6 prepared, then Your Honor asks for a list of assets, they
7 provide a list of assets.

8 THE COURT: In the data room?

9 UNIDENTIFIED SPEAKER: A lot of these assets weren't
10 in the data room before.

11 THE COURT: Okay.

12 UNIDENTIFIED SPEAKER: The Phillips IP wasn't there.
13 And I also want to say, this investor, he provided 170-million-
14 dollar proof funds. When they asked for it -- so liquid funds
15 in an account. They said, we just want to do some due
16 diligence, all right? They sat on that for three months. That
17 took \$1.8 million from our investor.

18 So this investment you're talking about, these are
19 the entities who want to buy these assets, bind this company to
20 a plan. It's getting sorted at every turn, because they're
21 married to this 9019 with the Hawk parties. But we have real
22 money. We want to pay unsecured creditors. We have to have
23 due diligence. We've got to get forward on this. And I mean --

24 THE COURT: Weren't you guys going to put together a
25 plan or something?

1 UNIDENTIFIED SPEAKER: Yeah, but we have --

2 THE COURT: So did you file the plan?

3 UNIDENTIFIED SPEAKER: No, we're going -- we have to
4 get diligence to know where the assets are so we can have it --
5 they want an unconditional offer for almost \$200 million for
6 these assets. We want to give it to them. But we also need to
7 know, where's the bonding machine? Is it still functional?
8 They said we could access to it. Then they said, oh, here's
9 some photos. We're not going to give you access to it and the
10 photos are two and a half years old, because they don't know --
11 like, the bonding machine is tens of millions of dollars.

12 THE COURT: Okay. All right. Okay.

13 All right. So --

14 MR. CLARK: Can I make a brief intervention?

15 THE COURT: Yes.

16 MR. CLARK: I apologize. And I won't make very many
17 interventions in this matter because there are people here who
18 know a lot more about this case than I do. I'm a recent entry.

19 But I appreciate the Court's concern about making
20 sure that you have an open and fair bid procedure so that you
21 can have a true 363 sale. The problem that we have here is
22 this case reminds me a lot of *Fiskarata* (phonetic) we have a
23 secured claim from a secured creditor that I understand lent in
24 terms of hard money about \$39 million. Maybe 45, depending on
25 whether you count some additional advances by Mr. Stastney.

1 But now we have a 9019 that says their actual claim is \$180
2 million. And that they can credit the -- their 150 million of
3 it.

4 As in *Fiskarata* with a credit bid of \$150 million,
5 that means that the stalking horse bidder doesn't actually have
6 to put up anymore in terms of cash than the seven and a half
7 million dollars that they said they were going to credit.

8 THE COURT: They're going to credit it. Right.

9 MR. CLARK: So for seven and a half million dollars,
10 they get in the door. Anybody else who wants to play this game
11 has to come up with cash, cash in the amount of \$157.5 million.

12 MR. VAGNONI: That's not accurate.

13 MR. CLARK: Excuse me. I'm sorry, maybe it's less.
14 But it's a lot more than \$39 million, that's for sure.

15 And that's -- and to me, that's the real story here.
16 That we have a bid process where the amount of money that
17 anybody else who wants to play this game has to come up with,
18 certainly north of \$100 million in order to be able to play
19 this game and be prepared to close in December.

20 If we were talking about a plan process so I could
21 understand how we could come up with a structure where \$170
22 million or such might end up being -- be folded into a plan.
23 But on a expedited sale process, where the proposed bidders
24 don't know for sure what's going to be sold until --

25 THE COURT: Why do you say it's a expedited sale

1 process?

2 MR. CLARK: -- we get to today.

3 THE COURT: Why do you say it's an expedited sale
4 process?

5 MR. CLARK: Well, it's expedited in the sense that
6 the bid procedures motion contemplates that the bids will be
7 received -- binding bids will be received by Friday of this
8 week. So that gives whoever's going to buy this, other than
9 Hawk, two days to do the due diligence that we're talking
10 about. Two days. And that the Trustee will then make a
11 decision on Monday. And then the sale will close in December.

12 Now, as a practical matter, that's not what I would
13 call an open and transparent process. So if you want to know
14 why there aren't other bidders here, it seems to me it's
15 straight forward. With a 180 -- 157.5-million-dollar credit
16 bid in place, nobody's going to come to the table.

17 THE COURT: So I think, though, what I'm hearing is
18 that the credit bid is a hurdle to other potential bidders from
19 entering the situation? Unfortunately, I've already approved
20 the settlement, the 9019 agreement that they have. So that's
21 what Hawk is. I mean, and they --

22 MR. CLARK: I understand that, Your Honor. And --

23 THE COURT: -- and because I've approved that, they
24 have -- they're allowed a credit bid. That's just part of the
25 system.

1 MR. CLARK: And candidly, Your Honor, as I look
2 through this, looking at it from the standpoint, you know,
3 obviously I've sat in your position. So I asked the same kinds
4 of questions I would like to think that you would ask. And
5 what occurred to me in this particular case is there is a
6 motion to reconsider and I'm glad that it hasn't been ruled on
7 yet because it strikes me that this process is fundamentally
8 flawed because of the provisions that were put in that 9019,
9 that they were all but certain to assure that there would be no
10 other bidders.

11 THE COURT: Okay. Thank you, sir.

12 MR. CLARK: Thank you, Your Honor.

13 THE COURT: You're welcome.

14 MR. VAGNONI: And Your Honor, just so we're clear on
15 the -- there are very limited issues that's why in the motion
16 to reconsider one of which isn't --

17 THE COURT: Let's focus on the bid procedure, shall
18 we? I think I'd like to just hone in on some of those things.
19 I don't want to hear re-argument on something I already heard
20 on. Okay. So I want to talk about some of the substantive
21 concerns that Rembrandt and VSI has raised in their objections,
22 if we could turn to that for a minute. Let me just get this.
23 Okay. So I wanted to take, for instance, the bonding
24 equipment. So is the bonding equipment being sold as part of
25 the sale?

1 MR. VAGNONI: Yes, Your Honor. It is. The problem
2 we have with the bonding equipment is there are disputes as to
3 who owns the bonding equipment.

4 THE COURT: Okay.

5 MR. VAGNONI: But what we believe is that either the
6 Debtor owns it and the Debtor did list the bonding equipment in
7 its Schedule B.

8 THE COURT: Uh-huh.

9 MR. VAGNONI: And the rest of the things in Schedule
10 B are office equipment and FF&E. But the Debtor alleges that
11 it owns it. There has been -- there has been allegations that
12 that bonding equipment was transferred to SeeCubic B.V. The
13 Debtor downstream, the Stream downstream subsidiary.

14 THE COURT: Transferred by whom? Who transferred it?

15 MR. VAGNONI: So and I can't speak to this directly
16 because I was not involved at the time, but it was my
17 understanding that at the time of the omnibus agreement that --
18 and correct me if I'm wrong, but that their allegation that
19 that -- that the bonding equipment was transferred by the
20 controlling entity -- by the Debtor to SeeCubic B.V. Whether
21 or not it's the Debtor's property or SeeCubic B.V.'s property,
22 that bonding equipment is being transferred.

23 THE COURT: Okay. All right. Just give me a minute
24 to go through all of this for one moment. Okay. So this is
25 how I would like to proceed. Before I sign off on any bid

1 procedure order, I'd like to see what the schedules are to the
2 purchase agreement. I just -- I think that we should put
3 together the schedule, but I don't think that you have the
4 schedule here today, right?

5 But what I envision is, since it does seem to be an
6 issue, what is being sold, I'd like someone to put together the
7 schedules and then I'd like you to -- and you could break it
8 out any way you want. Perhaps you could say that this entity,
9 you know, has these assets and that's what could be part of the
10 sale when you buy the equity of that entity.

11 And then what I'd like to do is I'd like to invite
12 VSI and Rembrandt to look at those schedules and to point out
13 the very many issues that I think that they're going to have
14 with those schedules as to potentially flag the issues that you
15 have with regard to each of those entities.

16 And then what I think we should do for any potential
17 bidder is they should see a list of the scheduled assets that
18 actually do have some asterisks to them, which might note there
19 were objections or concerns that you guys have to those assets,
20 right? So that whoever is, you know, potentially interested in
21 buying the assets will see your asterisk, right? And then
22 either we'll get them in as bidders or not. So I think the
23 first thing I'd like to do is I'd like to get that schedule
24 together --

25 MR. THOMPSON: Your Honor, if I may be heard just on

1 one of those asterisks because we just heard about the bonding
2 machine.

3 THE COURT: Uh-huh.

4 MR. THOMPSON: If you look at what the Trustee just
5 filed with respect to the bonding machine, it's got conditions
6 all over the place, right? And it is not guaranteeing --

7 THE COURT: Could you -- which one? Could you --

8 MR. THOMPSON: -- not guaranteeing the transfer right
9 to any buyer, right?

10 THE COURT: Okay.

11 MR. THOMPSON: So --

12 MR. GEORGE: But the buyer will know that.

13 MR. THOMPSON: Well, it would not have known that --

14 THE COURT: Okay. Could we just stop and just take a
15 moment that you're selling something that you may or may not
16 have. That just does seem a little curious.

17 MR. THOMPSON: Thank you, Your Honor.

18 THE COURT: Doesn't it seem a little curious?

19 MR. THOMPSON: That's precisely our --

20 MR. VAGNONI: Your Honor.

21 MR. THOMPSON: We may or may not be in possession of
22 it.

23 THE COURT: Okay. All right. Argument for the
24 Trustee. I just have to get an answer to the question why is
25 it not weird to say that you're going to sell something but

1 then not be sure if you're actually going to get it.

2 MR. THOMPSON: Your Honor --

3 THE COURT: I'd like to hear from the Trustee. I'm
4 sorry, I didn't mean you, I met the guy standing behind the
5 asterisk --

6 MR. HOMONY: Prior to my appointment, as you can tell
7 -- was a complete and utter disaster.

8 THE COURT: It still kind of seems like a disaster
9 which I'm trying to clean up. Yes.

10 MR. HOMONY: I want you to appreciate Stream used to
11 own the bond equipment --

12 THE COURT: Uh-huh.

13 MR. HOMONY: -- before the omnibus agreement which
14 set all this off.

15 THE COURT: Okay.

16 MR. HOMONY: At some point, we were informed that a
17 receiver -- again prior to my getting on the scene -- a
18 receiver was appointed to oversee Technovative in Delaware
19 District Court. I believe that receiver retitled the bonding
20 equipment into the Netherlands subsidiary --

21 THE COURT: Okay.

22 MR. HOMONY: -- the equity of which I'm selling --

23 THE COURT: Okay. Yeah.

24 MR. HOMONY: -- because it's in China, there's issues
25 with warehouse liens, past due rent.

1 THE COURT: But presumably that's something that's
2 being sold --

3 MR. HOMONY: It is being sold, Your Honor.

4 THE COURT: -- if you can get through -- if you can
5 jump through all those hurdles.

6 MR. HOMONY: It is being sold. But as I'm sure you
7 can appreciate in other cases, somebody's holding that asset
8 that might demand --

9 THE COURT: Okay. But that's okay.

10 MR. HOMONY: -- \$500,000.

11 THE COURT: That's okay. I mean --

12 MR. HOMONY: Before it gets --

13 THE COURT: So perhaps with regard to the bonding
14 equipment, there'll be a very long asterisk which will describe
15 exactly where it is and all the claims subject to it. And you
16 guys would be able to add something to that as well.

17 MR. THOMPSON: Your Honor, there's an omnibus order
18 -- an omnibus agreement that was overturned by the Delaware
19 Supreme Court. And thereafter there was a chancery court
20 opinion directing the return of all the equipment including
21 that.

22 THE COURT: Let me just tell you where I'm focused
23 at.

24 MR. THOMPSON: Okay.

25 THE COURT: Where I'm focused at is, I just want to

1 know what's being sold even if it's subject to a million
2 caveats, right? So we're going to work together and we're
3 going to come up with a schedule so at least a normal person
4 will at least know this is what's being sold.

5 Now, just based on my preliminary observation, I
6 don't believe anybody will be bidding for these asset because
7 you guys are hopping up and down. You really think that -- you
8 know, that it's your stuff that's going to fall on this
9 litigation. I just want to tell you what I think that the
10 logical conclusion of all of this is going to be. That if we
11 ever get to a sale, there will be no other bidders because
12 you'd have to be crazy to enter this like firestorm of like,
13 you know, litigation, right?

14 So what it's going to be is we're going to have Hawk,
15 who wants to be the buyer. They're the stalking horse bidder.
16 No one else is going to bid. And you guys are going to raise a
17 slew of objections to the sale, right? And if I have -- I have
18 Hawk, right, who's going to then say, you know, Your Honor, I'm
19 going to -- this is what I want to buy and I know that they're
20 hopping mad and they're going to sue me and that they're going
21 to -- they have all these, you know, issues or whatever.

22 And then at that point, if I approve the sale to them
23 that I'm delivering that to them, Hawk is going to pay them
24 whatever they're going to pay and then you guys, Hawk and you
25 guys are going to fight it out, right? And then I don't have

1 to resolve, right, exactly who owns what or whatever, because
2 they're going to be doing all of that, right? And then you can
3 engage in that fight. But all of your jumping up and down, it
4 does have a chilling effect on the bidding as well, right. It
5 will make it -- it will basically guarantee that Hawk will be
6 the buyer of these assets at the end of the day.

7 MR. THOMPSON: That's already been guaranteed, Your
8 Honor.

9 THE COURT: Okay.

10 MR. GEORGE: Your Honor, if I may. This is --

11 THE COURT: Yes.

12 MR. HOMONY: Your Honor, I can address --

13 MR. GEORGE: I would just like to --

14 THE COURT: Okay.

15 MR. HOMONY: This case has been drawn out for a long
16 time. And as I'm sure you can appreciate, Stream is a pre-
17 revenue company. It has no revenues, it has no ability to
18 generate loans. Part of the Hawk settlement provided that Hawk
19 through SeeCubic would continue to fund the Netherlands,
20 SeeCubic BV, which is an operating entity with real people
21 there who really care about this technology, have lived with it
22 for 20 years and want to see it commercialized.

23 The longer this goes, their livelihoods are put in
24 jeopardy. The value of these assets is put in jeopardy because
25 if I have an outside -- a date where they have agreed to fund,

1 which is December 10th. If the sale isn't closed by December
2 10th, there's no funding secured for those people in SeeCubic
3 BV, and not only their lives, but the value of these assets
4 will disappear.

5 Right now, through the carveout I think my and my
6 team have managed to secure between 9- and \$10 million in cash
7 for the benefit of unsecured creditors, which would otherwise
8 vanish. And so I just -- I want everybody in this room to
9 appreciate --

10 THE COURT: Yes. I get it.

11 MR. HOMONY: Okay.

12 THE COURT: I understand.

13 MR. HOMONY: Thank you, Your Honor.

14 THE COURT: Thank you. Okay. Hold on one second. I
15 don't want to hear from anyone right now. Okay.

16 So Mr. Vagnoni, when -- and you can talk to your
17 colleagues here, but when do you think you could put together a
18 schedule of what be -- I mean, if this is going to be going out
19 for bidders, we need to have like a schedule. So when would
20 you be able to put together some schedules?

21 MR. VAGNONI: We'd have to do it -- I do have to
22 speak with -- but we have to do it immediately.

23 THE COURT: Why don't you talk to your people and
24 tell me how soon you could get those schedules together? Go
25 talk to them.

1 MR. VAGNONI: Thank you, Your Honor.

2 THE COURT: You're welcome. So while they're doing
3 that, I didn't realize the whole room was empty. Perhaps what
4 we'll do is while they're doing that can I just run through the
5 rest of my list because I have a 12:30 list as well. So I'm
6 just going to -- you can keep all your stuff here. Keep all
7 your stuff here. I'm just going to run through my 11:00 list.
8 Oh, with the other parties. Yeah. Yeah. But so just sit
9 tight.

10 Pam, what else do we have going on at 11:00?

11 THE CLERK: 11 should be all --

12 THE COURT: Oh, good. Excellent. Okay. Good. So
13 hold tight right there. So I just want to take a short break
14 and I'll be right back.

15 THE CLERK: Okay.

16 (Recess)

17 THE CLERK: Court is back in session.

18 THE COURT: All right. Mr. Vagnoni, when do you
19 think you'll have those schedules for me?

20 MR. VAGNONI: We can have them filed by tomorrow.

21 THE COURT: Okay. Great. So what I would like is --
22 what I envision is that there will be schedules identifying
23 what the assets are. And I think that for instance, with the
24 bonding equipment, you should drop an asterisk that says, you
25 know, we are actually not in possession of the bonding

1 equipment and whatever caveats you think there may be to
2 actually a buyer taking possession of them. I think you should
3 add that to that.

4 MR. VAGNONI: Absolutely. And Your Honor, just to be
5 clear, you know, with the foreign subsidiaries, the Trustee
6 isn't in possession of those assets either, but they are in the
7 possession of subsidiaries of --

8 THE COURT: Okay. So you should just -- I just want
9 this to be clearly laid out where everything is. So if someone
10 were to look at this, they understand these are the issues that
11 I face if I put in a bid.

12 MR. VAGNONI: Understood.

13 THE COURT: Okay. Then I'd like you guys to take a
14 look at the schedules because before it goes out to other
15 potential bidders, I'd like to get your input. And I think
16 that you have lots of different issues like, you know, you
17 could say that, you know, these assets are subject to our
18 claims and put whatever, you know, statements in there that you
19 think would be appropriate.

20 And I think just to be clear that, you know, if you
21 have an asterisk, you know, you might have an asterisk saying
22 these are the Debtors comments about, you know, like maybe just
23 say a footnote, why don't you have a footnote, right? You put
24 a footnote and you say this is debtor's position that these
25 assets are not in our possession or whatever. Put whatever

1 caveat.

2 And then we're also going to have footnotes with you
3 guys and you're going to -- so the potential bidder will know
4 that the statements that are being made with regard to your
5 footnotes are your comments and are not the Debtor's comments,
6 right? And you -- I'm willing to include that just because I
7 think that you have some serious concerns and people should
8 know them. So it would say something like Rembrandt believes
9 that with regard to these assets, that there are these issues
10 implicated on intellectual properties embedded in them and, you
11 know, this is going to spawn litigation or whatever. Yes?

12 MR. MICHAELS: I think the main issue here, I think
13 it's been handled by Whitehall and it was a jeweler who had
14 taken in property on -- jewels on consignment, embedded them in
15 rings and wanted to go to a bankruptcy sale where they just
16 sold it all off subject to the rights of the vendors who had
17 given them tools on consignment. And I think it was somewhere
18 in the neighborhood of 193 adversary proceedings would have
19 been necessary.

20 And the court said tough. You need to figure out
21 what the assets of the estate are and you need to have those
22 adversary proceedings by trying to go forward. And it is -- I
23 understand the Court's desire to move through a process, but
24 saying with an asterisk Rembrandt may or may not sue you for IP
25 infringement is the courts have determined that's not an

1 acceptable process. It is in and of itself subjecting the
2 estate to additional liability for making that transfer in the
3 first place which was not authorized --

4 THE COURT: Okay. Would you not want me to add your
5 comments to the schedule?

6 MR. MICHAELS: We would like -- we would certainly
7 like the ability to enter the comments, but we -- what we
8 believe is necessary in this situation is to ascertain what are
9 actually the assets of the estate, and what else is on the
10 record.

11 THE COURT: Okay. So let me tell you my skepticism
12 with that comment. With respect to the client, the guy that he
13 used to be. This -- the guy who was replaced by the Trustee.
14 He had a pretty good idea of what's in all of these entities,
15 because up until, you know, earlier this year, wasn't he in
16 control of all those assets? Okay. Well, regardless, this is
17 we're going to do.

18 You've got litigation issues with regard to the
19 license, and I'm going to look at that because you're going to
20 file a sale objection and it's going to lay out every single
21 objection you have to the sale and they are going to respond to
22 that and I am going to address all of those arguments, okay?
23 So this is what we're going to do. You guys, you can add
24 footnotes and all I care about your footnotes is that you put
25 in the preamble of whatever footnotes you want to add to the

1 schedule that these are comments made on your behalf, not on
2 the Debtor's behalf so that people who read it understand it.

3 MR. MICHAELS: We do have one request --

4 THE COURT: Yeah.

5 MR. MICHAELS: -- that we've been making for a while
6 now.

7 THE COURT: Yeah.

8 MR. MICHAELS: And that is that the Trustee specify
9 with particularity, whether he is relying on the Rembrandt
10 license or not.

11 THE COURT: What do you mean you're relying upon the
12 Rembrandt license?

13 MR. MICHAELS: If they are offering for sale assets
14 Rembrandt has alleged have -- are covered by patent inventions,
15 we have the right to bring suit against anybody who is offering
16 those for sale.

17 THE COURT: I don't think that Mr. Vagnoni thinks
18 that you have the right to sue them. Do you -- Mr. Vagnoni, do
19 you think that they have the right to sue you arising out of
20 the sale of the assets that --

21 MR. VAGNONI: Absolutely not.

22 THE COURT: See so they just disagree. That's just a
23 sale -- that's a sale argument that you can make in front of me
24 that I'll consider.

25 MR. MICHAELS: With respect, we provided the case law

1 that says we do not need leave of this Court. We can file in
2 any jurisdiction and SSG is not a part of this bankruptcy. I
3 mean, I appreciate they're professional, but they're actively
4 offering our patented technology for sale. That's an
5 infringement under 35 USC. And it's the only --

6 THE COURT: I disagree.

7 MR. MICHAELS: -- defense to that because --

8 THE COURT: So you're sitting here and you're making
9 an argument and they just disagree with the argument. And I'm
10 going to consider it. Don't include it in your brief because
11 it's a sale objection, right? You're going to say, Judge, you
12 don't have the authority to do this. No one should be selling
13 this, right. You're going to tell me that and I'm going to
14 look at your case law and your legal argument and I'm going to
15 look at theirs and then I will give you a decision on that.

16 MR. MICHAELS: I respect what you're saying about
17 with regard to the sale process.

18 THE COURT: Uh-huh.

19 MR. MICHAELS: My question is different than that, is
20 we -- Rembrandt has the ability to go after SSG today in a
21 different court for patent infringement unless the Trustee is
22 claiming that they are covered by a valid, current, paid up
23 license with Rembrandt. And I'm asking the Trustee to clarify.
24 Are they saying that they have -- that Stream has a valid paid
25 up license with Rembrandt?

1 THE COURT: Your response, Mr. Vagnoni?

2 MR. VAGNONI: It sounds like he's asking me to
3 testify under threat of suit of the Trustee's professionals.

4 THE COURT: Okay. Well, in any case, I would like to
5 have any footnotes that you want to add to the schedules by,
6 let's say Wednesday. So on Friday, if you could just put
7 together whatever footnotes that you want, just tell them,
8 like, do a black line, right? And then send them a black line
9 of the schedules.

10 But let's talk about the scheduling here, right? So
11 I know you're telling me, Hawk, that you have to have this, you
12 know, this all is done by the 10th. But I need to have, you
13 know, the schedules nailed down so that a potential bidder
14 would know exactly what they're buying. So we need to get that
15 done first. I can't -- we can't send this out for bidding
16 until that's done.

17 So once the schedules are done on Friday because
18 they're going to give you their comments by just say Friday
19 morning at 9 a.m., right? So you -- did you say tomorrow
20 you're going to get them? So what time tomorrow do we have the
21 schedule?

22 MR. VAGNONI: Yeah, by afternoon.

23 THE COURT: In the afternoon?

24 MR. VAGNONI: And look, if we can get them in today,
25 we're going to get them in today.

1 THE COURT: Okay.

2 MR. VAGNONI: But we would like to have a week until
3 tomorrow and we're going to do it as soon as we possibly can.

4 THE COURT: Okay. So then Friday by 5 p.m. I'd like
5 you to hand your black line of what the schedule looks like
6 back to them, okay. So that they can attach that to the
7 purchase agreement. Yes?

8 MR. SWICK: Well, we have 48 -- like Monday by 5:00?
9 Like I have to fly home tonight, so I don't know whether it
10 will be tomorrow, that's Thursday. So --

11 MR. VAGNONI: We're not going to be here until
12 tomorrow.

13 MR. SWICK: It might be quite voluminous. Like I'm
14 not sure what they're going to --

15 THE COURT: Okay. That's fine. You can have until
16 Monday, just to send out -- to add the footnote. So let's say
17 by Monday 9:00 a.m. you're going to get them your footnotes to
18 the schedules. Now, so on Monday, you guys are going to have
19 the schedules, right? And you already presumably have your
20 asset purchase agreement.

21 So let's just talk about the bidding procedure. Oh,
22 also the data room. They've got some serious concerns about
23 what's in the data room. So by the time that this goes live
24 and we send this out for people to bid on or show interest,
25 what's going on with the data room? And can you make sure you

1 populate it with actual, like, information? Who's -- when do
2 you -- okay. So when do you think -- come on up, Mr. Victor.
3 When will the data room actually be sold with things that are
4 clear about what's being sold?

5 MR. VICTOR: Good afternoon, Your Honor. Scott
6 Victor for SSG. The data room is full. The data room has been
7 accessed by one party; VSI, who is made up of all the insiders
8 of the Debtor.

9 THE COURT: Okay. Let's just focus on what's in the
10 data room. So is there--

11 MR. VICTOR: The data room is fully set up. And has
12 been for over a month.

13 THE COURT: Okay. Because they said there was
14 missing information in the data room. Is it possible that they
15 looked at the data room before it was 100 percent complete?

16 MR. VICTOR: They looked at it after it was 100
17 percent.

18 THE COURT: Okay.

19 MR. VICTOR: And they will complain about anything at
20 any time to stall the process. There's nothing wrong with the
21 data room.

22 THE COURT: Okay. So you think that there's -- so
23 everything in the data room is there that would be. So --

24 MR. VICTOR: Yes.

25 THE COURT: -- yeah.

1 MR. VICTOR: But, Your Honor.

2 THE COURT: Yeah.

3 MR. VICTOR: Not one single party has signed an NDA
4 other than an insider of the Debtors and has requested access
5 to the data room.

6 THE COURT: I understand. This is going to be a very
7 short period. I understand. Yeah. I'm aware of that. Okay.
8 It's your position is that the data room has everything --

9 MR. VICTOR: The data room is fully complete --

10 THE COURT: Okay.

11 MR. VICTOR: -- and needs nothing further. We
12 understand that it is appropriate to file schedules to the APA
13 like in every other case. That will be done tomorrow. We'll
14 have until Monday to black line it and add their asterisks.
15 But I have to put on the record that in my 41 years of
16 experience, I've never been threatened by counsel as many times
17 that we've been threatened by Rembrandt.

18 Who are they to sue SSG? My employees who are
19 working on this, we're not selling their intellectual property.
20 We're not infringing on their patent rights. We're selling the
21 equity of subsidiaries that may or may not have any
22 intellectual property that may or may not belong or rightfully
23 be licensed by Rembrandt. So I take complete offense to that.

24 THE COURT: Understood.

25 MR. THOMPSON: Your Honor, I just might say though

1 that the Trustee of course, has a responsibility to make sure
2 that everything that he is attempting to sell below the --

3 MR. VICTOR: Your Honor, the people --

4 MR. THOMPSON: Excuse me.

5 MR. VICTOR: -- and its subsidiaries --

6 THE COURT: Let him finish his statement, Mr. Victor.
7 Go ahead.

8 MR. THOMPSON: All of the assets that the Trustee is
9 purporting to sell, have full disclosure with regards to those
10 assets. And I think the point that Rembrandt has been making is
11 that disclosure has been incomplete to date. I understand that
12 Mr. Victor suggests that everything is in the data room and
13 therefore any reasonable bidder could make a determination as
14 to what exposure they may or may not have. We would argue that
15 is incorrect.

16 THE COURT: Okay. Thank you.

17 I understand, Mr. Victor.

18 MR. VICTOR: Thank you, Your Honor.

19 THE COURT: You're welcome. Okay.

20 So Mr. Vagnoni, let's just talk about some deadlines,
21 okay? So we have to pick a date for a sale hearing. We have
22 to pick a date for a sale objection deadline. And I'd also
23 like to get any replies by the Debtor to any objections.

24 MR. VAGNONI: Well --

25 THE COURT: All right. So we should also start with

1 like the bid deadline, okay. So you're saying that -- so the
2 big deadline right now you're suggesting is the 18th, but
3 that's in like five days and we don't even have the schedules.
4 We don't have them. So I don't think we need a long time
5 because I think that we could all agree that given everything
6 I've heard today, I highly doubt anyone is going to be placing
7 a bid, but you know, we should still put it out there for at
8 least a couple weeks to see if you're going to generate any
9 bids, okay.

10 So let's look at the calendar here. All right. So
11 presumably you'll have the final form of the schedule on the
12 18th. So I think that we could get -- we can have a bid
13 deadline be December 2nd. December 2nd. And then that means
14 -- well, I'm sorry. Yeah. December 2nd and then we could have
15 an auction on the 3rd. You guys are going to do that in your
16 offices, right?

17 MR. GEORGE: If one is required.

18 THE COURT: If one is required. All right. And so
19 then after that, we just need to -- we need to decide when
20 we're going to have the sale hearing.

21 MR. VAGNONI: Your Honor.

22 THE COURT: Yes?

23 MR. VAGNONI: We have a sale closing deadline of
24 December 10th. We're going to -- this is extremely tight with
25 those --

1 THE COURT: I'm going to give you -- I mean, let me
2 just look at the schedule here. Okay. So the 10th is a
3 Tuesday. All right. Okay. So I think what we should do is we
4 should have the sale hearing on -- I think we should have it on
5 the 10th of December. Okay. And I'll give you a ruling on the
6 10th because we're going to back into that all the objections
7 for when people are going to file objections to the sale.

8 MR. VAGNONI: Okay. Your Honor, that's going to put
9 us out of the agreement we have with Hawk.

10 THE COURT: Okay. So Hawk, I'm looking at my
11 schedule and I'm trying to give you a hearing as soon as I can,
12 and I'm -- you know, they're the ones who gave you the deadline
13 of December 10th, is that right?

14 MR. VAGNONI: It was -- yeah, Hawk and SeeCubic.
15 Yeah.

16 THE COURT: Yeah. Okay. So I'm trying to work with
17 you guys here, but I'm not going to be able to have a hearing
18 in the first week of December because I think we have a lot
19 going on then. I mean, I guess we could try to have it on the
20 4th.

21 (Court and clerk confer)

22 THE COURT: So I think what we should do then let's
23 have a sale hearing on the 4th of December at 1:00 p.m. And
24 we'll make a sale objection deadline next Friday the 22nd, and
25 any responses to the objection should be filed by the 29th.

1 The deadline again is the 2nd, the auction is the 3rd. We'll
2 have the hearing on the 4th.

3 MR. THOMPSON: Well, Your Honor.

4 THE COURT: Yeah.

5 MR. THOMPSON: Your Honor, I would only make two
6 observations, right? One, first that it's pretty clear that
7 Rome is not burning. Notwithstanding protestations to the
8 contrary. And we once again see the accommodation of the Hawk
9 parties even with regards to scheduling on something that was
10 completely within their control in terms of providing -- the
11 Trustee providing this list of assets well before now.

12 And frankly having other potential bidders have
13 access to this information in the data room. It is
14 regrettable, although not too terribly unforeseeable that
15 nobody else was interested, given the information that they
16 would have and the concerns that any probable bidder would have
17 given what they know and what the risks probably are.

18 But beyond that, I just want the record to reflect
19 that there seems to be some suggestion that all VSI has done
20 throughout this process has been an obstructor. We have tried
21 multiple times to provide alternative financing, in the way of
22 DIP financing to proposals. And I am aware of Rembrandt having
23 made a proposal before that.

24 Mr. Vagnoni, during our hearing suggested that none
25 of those things were acceptable. All of them -- I will

1 contend, Your Honor, all of them, each and every one was better
2 than the outcome that this trustee has decided is the only
3 track he can go down.

4 THE COURT: I have one question. Where is Phillips
5 in all this litigation?

6 MR. GEORGE: Ready to cancel the --

7 THE COURT: Excuse me?

8 MR. GEORGE: Probably about ready to cancel the
9 license.

10 MR. VAGNONI: Probably. Your Honor --

11 THE COURT: Where are they? Like I haven't seen
12 them. Like you're jumping up and down, but where's Phillips?

13 MR. GEORGE: I spoken to Alex Damvelt if you'd like
14 to hear about that. And I've spoken to Phillips as well.

15 MR. VAGNONI: Your Honor, he's testified -- he's
16 testified enough. Your Honor, the proposals that we received
17 -- and I don't want to prolong this anymore. I know Your Honor
18 has made a ruling on dates. The proposals that the Trustee has
19 received so far are from the same individual who found it has
20 grossly mismanaged the Debtor's --

21 THE COURT: Mr. Vagnoni, I'm giving you everything
22 you want.

23 MR. VAGNONI: I agree.

24 THE COURT: I'm moving forward with the bid
25 procedure, and --

1 MR. VAGNONI: And I acknowledge that.

2 THE COURT: Okay.

3 MR. VAGNONI: And I thank you. But to sit here and
4 listen to --

5 THE COURT: There's zealous advocates --

6 MR. THOMPSON: I'm going to object to this line --

7 THE COURT: -- being paid to be --

8 MR. THOMPSON: -- to this line of -- I'm going to
9 object.

10 THE COURT: Everybody. So Mr. Vagnoni, I don't need
11 to hear anything more from anybody.

12 MR. VAGNONI: Thank you, Your Honor.

13 THE COURT: Okay. So I'll hear from all of you.
14 Just make sure you put in those briefs. My law clerk is
15 waiting with baited breath to see all of your sale objections
16 because he's got to do a lot of research. So next Friday,
17 okay. We'll be taking a close look at all of that. So please
18 include all of your arguments then. Okay, everybody. I will --

19 MR. THOMPSON: Thank you, Your Honor.

20 MR. VAGNONI: Thank you, Your Honor.

21 THE COURT: All right. Thank you. I have a 12:30
22 hearing. Don't need to stand for me. Okay.

23 (Proceedings adjourned at 12:47 p.m.)
24
25

C E R T I F I C A T E

I hereby certify that the foregoing is a true and correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

John Buckley
John Buckley, CET-623
Digital Court Proofreader